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## THE NEBRASKA ECONOMY IN RETROSPECT: 1960-1979

During the last twenty years, the Nebraska economy has experienced both growth and transition. The population of the state has grown from 1.412 million inhabitants in 1960 to 1.535 million people in 1979, an increase of 8.7 percent. This growth in population can be translated into growth of economic measures such as personal income, employment, and taxes.

As to the transition referred to, Nebraska is no longer a state whose economy is strictly dominated by agriculture. This statement should not be misinterpreted to imply that agriculture is no longer important to the Nebraska economy. Indeed the opposite is true, and agriculture is still the driving economic force for the state. However, more than 50 percent of the state's population now live in six of Nebraska's ninety-three counties. The principal communities in these six counties can be characterized as centers of manufacturing, trade, finance, government, and education.

Although the nonagricultural industries have gained considerable ground during the last twenty years, it would be a mistake to assume that agriculture has played only a small part in this scenario. It would be difficult, if not impossible, to ignore the effects that agriculture and the nonagricultural industries have had on each other, and because of this strong relationship the Nebraska economy has fared rather well, with historically high labor-force participation rates and low unemployment.

This article will present an analysis of economic growth for Nebraska during the last twenty years. Attention will be focused on changes in gross state product, employment, and personal income, since each of these data series provides a somewhat different profile of the Nebraska economy. The article will also examine the growth of Nebraska gross income tax receipts, comparing the increase to that of personal income. All of the data are presented in tabular form, providing useful information to those who wish to conduct further analyses.

### GROSS STATE PRODUCT

Gross state product reflects the net result of economic activity in a state, and is defined as the dollar value of all final goods and services produced by a state's economy during a year. It is usually derived using the gross-product-by-industry approach. In the case of Nebraska, gross product is estimated for each of eight nonagricultural sectors and for the agricultural industry. The sectoral estimates are then aggregated to obtain total gross state product. Using national industry deflators, nonagricultural gross product is computed in constant (real) dollars. The double-deflation technique is used to obtain real gross farm product.

Constant dollar gross Nebraska product has grown from \$5,512.3 million in 1960 to \$10,401.2 million in 1979, an

increase of 88.7 percent. During the same time, real gross national product has increased 94.3 percent (see Table 1). Analysis of average annual percentage changes and compound growth rates indicates that real gross state product has grown at a slightly slower rate than real gross national product. Manufacturing and transportation, communications, and public utilities are the two sectors experiencing the greatest growth, with respective increases in gross product of 165.1 percent and 142.4 percent. From 1960 to 1979, gross product for mining declined 36.8 percent, while the construction sector experienced a slight 10.4 percent increase in gross product.

Average annual percentage changes in real gross product for each industrial sector and the associated standard deviations are presented in Table 2 (page 2). The annual percentage change is a measure of an industry's rate of growth over the twenty-year period, while the standard deviation measures the variability of the annual percentage changes in gross product for each industry. The greater the standard deviation, the greater the variability in the percentage changes. For example, a standard deviation of 20.67 for agriculture is indicative of the industry's volatility, while the relatively small standard deviation (Continued on page 2)

Table 1  
CONSTANT DOLLAR GROSS STATE PRODUCT AND  
CONSTANT DOLLAR GROSS NATIONAL PRODUCT  
1960-1979  
(millions of 1972 dollars)

	Gross State Product	Gross National Product
1960	5,512	736,800
1961	5,484	755,300
1962	5,805	799,100
1963	5,962	830,700
1964	6,039	874,400
1965	6,301	925,900
1966	6,556	981,000
1967	6,838	1,007,700
1968	6,975	1,051,800
1969	7,357	1,078,800
1970	7,433	1,075,300
1971	7,657	1,107,500
1972	8,008	1,171,100
1973	8,346	1,235,000
1974	8,221	1,217,800
1975	8,792	1,202,300
1976	9,256	1,273,000
1977	9,886	1,340,500
1978	10,020	1,399,200
1979	10,401	1,431,700

Source: Bureau of Business Research computations and U.S. Department of Commerce.

(Continued from page 1) for wholesale and retail trade is a mark of that sector's stability.

With the exception of agriculture, contract construction, government, and mining, each industrial sector of the Nebraska economy has increased its percentage share of real gross state product during the last twenty years. Manufacturing is the industry showing the greatest increase in percentage share of gross state product, capturing 11.51 percent of the share in 1960 and 16.17 percent in 1979. One should not attempt to use the percentage composition of gross state product as a means of determining the relative importance of the sectors, since all of the state's industries are interrelated to varying degrees. For example, it would be virtually impossible to isolate the effects of agriculture on trade or vice versa. Therefore, the methodology used to calculate gross product by industry attempts to eliminate double counting as much as possible. The percentage composition of gross Nebraska product by industry is presented in Table 3.

### PERSONAL INCOME

Although personal income does not cover all income or economic activity of an area, it is still a commonly used measure of a state's economic growth. The series comprises the income of households and private nonprofit institutions, and is published both quarterly and annually by the Bureau of Economic Analysis of the U.S. Department of Commerce.

The basic components of personal income are wage and salary disbursements, proprietors income, and other labor income. Personal income by place of residence is obtained by subtracting contributions for social insurance by place of work, and adding dividends, interest, rent, transfer payments, and residence adjustment.

Table 4 presents labor and proprietors income for nine sectors of the Nebraska economy, personal income by place of residence, and per capita personal income, with the data expressed in current dollars. The U.S. Consumer Price Index (CPI) is used to convert nominal personal income to real personal income in 1967 dollars.

During the twenty-year period from 1960 to 1979, personal income for Nebraska increased 361.3 percent. In real terms, personal income has grown from \$3,209 million in 1960 to \$6,039 million in 1979, a more modest increase of 88.2 percent. Sectoral changes indicate that services and finance, insurance, and real estate have experienced the greatest growth in personal income with increases of 430.6 percent and 392.4 percent, respectively.

Table 2  
AVERAGE ANNUAL PERCENTAGE CHANGES  
IN CONSTANT DOLLAR GROSS STATE PRODUCT  
BY INDUSTRY 1960-1979

Agriculture	3.62	(20.67)
Contract Construction	0.67	(5.69)
Manufacturing	5.34	(4.12)
Mining	-2.00	(8.77)
Transportation, Communications, and Public Utilities	4.82	(3.47)
Wholesale and Retail Trade	3.87	(1.98)
Finance, Insurance, and Real Estate	4.12	(2.41)
Services	3.76	(2.02)
Government	1.86	(1.93)

Note: Numbers in parentheses are standard deviations.

Personal income for mining and agriculture has grown the least, with respective increases of 150.0 percent and 207.4 percent.

Per capita personal income is defined as personal income by place of residence divided by total population, and represents the amount of personal income per resident of the state. In 1960, Nebraska per capita personal income was \$2,016 and increased to \$8,341 by 1979, a growth of 313.7 percent. In terms of real growth, per capita personal income increased from \$2,273 to \$3,837 during the same twenty-year period, a 68.9 percent growth.

The changes in nominal personal income and per capita personal income are quite large, but can be misleading. Real personal income takes into account the effects of inflation and presents a more realistic view of the state's economic growth. Although personal income has been steadily increasing during the last twenty years, so also has the cost of goods and services. In fact, real personal income for Nebraska declined from \$6,044 million in 1978 to \$6,039 million in 1979. This was due to the rampaging inflation experienced by the country in 1979.

### EMPLOYMENT

During the twenty-year time span considered, nonagricultural wage and salary employment in Nebraska increased 64.5 percent (see Table 5). Industries experiencing the greatest increase in employment are: services, +106.4 percent; finance, insurance, and real estate, +81.0 percent; wholesale and retail trade, +75.2 percent; and government, +62.8 percent. Industries showing the least growth in employment during this time are: manufacturing, +48.4 percent; contract construction, +37.3 percent; transportation, communications, and public utilities, +23.1 percent; and mining, -37.0 percent.

Some sectors of the Nebraska economy are more important in terms of employment than gross state product. Three industries that fit this description are government, services, and wholesale and retail trade. These particular industrial sectors can be described as labor intensive. For example, gross product for the services industry during 1979 was \$986.7 million, or 10.8 percent of total nonagricultural gross state product, while services employment accounted for a higher percentage (18.2 percent) of non-agricultural wage and salary employment. On the other hand, gross product for finance, insurance, and real estate represented 18.8 percent of nonagricultural gross state product, while

Table 3  
PERCENTAGE COMPOSITION OF  
CONSTANT DOLLAR GROSS STATE PRODUCT  
BY INDUSTRY FOR SELECTED YEARS

	1960	1965	1970	1975	1979
Agriculture	16.55	13.72	12.95	13.49	12.52
Contract Construction	7.12	6.17	5.28	4.34	4.16
Manufacturing	11.51	13.56	15.61	15.03	16.17
Trans., Comm., and Public Utilities	9.44	9.96	10.09	10.96	12.12
Wholesale and Retail Trade	16.24	16.95	17.24	17.93	17.64
Finance, Insurance, and Real Estate	14.50	15.36	14.69	15.75	16.48
Services	8.91	8.94	9.55	9.60	9.49
Government	14.82	14.71	14.07	12.52	11.12
Mining	0.92	0.62	0.52	0.38	0.31

Note: Totals may not add to 100 due to rounding.

employment for this sector accounted for only 6.5 percent of nonagricultural employment.

To arrive at some method of ranking the state's nonagricultural

industries, gross product and employment are used to construct a ratio that will allow for such an ordering. For each industrial sector, gross product is

(Continued on page 6)

Table 4  
NEBRASKA PERSONAL INCOME BY INDUSTRY AND PLACE OF RESIDENCE  
1960-1979  
(millions of dollars)

	Agriculture	Contract Construction	Manufacturing	Mining	Trans., Comm., and Public Utilities	Wholesale and Retail Trade	Finance, Ins., and Real Est.	Services	Government	Personal Income by Place of Residence	Per Capita Personal Income*
1960	349	174	359	16	227	458	132	271	358	2846	2016
1961	286	181	377	16	227	471	140	287	385	2913	2038
1962	400	180	396	14	243	487	150	302	413	3159	2191
1963	360	184	395	13	245	503	157	314	441	3265	2244
1964	285	185	423	12	253	527	169	338	473	3364	2293
1965	465	198	436	12	265	552	176	358	491	3761	2562
1966	542	211	489	12	277	591	184	397	502	4040	2758
1967	447	222	546	12	286	631	198	441	537	4238	2887
1968	389	241	602	12	309	676	215	476	601	4528	3076
1969	567	280	661	13	332	741	231	542	667	5112	3463
1970	498	289	689	13	365	787	244	581	772	5442	3665
1971	548	303	713	10	396	837	270	616	844	5864	3889
1972	754	349	795	14	445	904	299	676	908	6638	4344
1973	1271	391	881	17	506	1020	321	755	979	7834	5110
1974	656	430	979	30	572	1150	345	853	1066	8009	5211
1975	1094	442	998	26	598	1267	384	955	1181	9087	5885
1976	491	524	1146	31	697	1391	450	1054	1290	9401	6057
1977	617	569	1244	31	771	1488	517	1128	1382	10382	6677
1978	1007	633	1404	34	853	1609	585	1279	1510	11809	7546
1979	1073	651	1605	40	1007	1805	650	1438	1613	13129	8341

\*Per capita personal income is given in dollars.

Source: U.S. Department of Commerce.

Table 5  
NEBRASKA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY INDUSTRY  
1960-1979  
(thousands)

	Contract Construction	Manufacturing	Mining	Trans., Comm., and Public Utilities	Wholesale and Retail Trade	Finance, Ins., and Real Est.	Services	Government
1960	24.4	66.8	2.7	37.6	93.6	22.6	55.4	78.0
1961	24.6	66.6	2.7	36.6	95.6	23.3	57.3	80.7
1962	24.0	67.9	2.3	36.6	97.2	24.0	59.0	82.4
1963	24.7	66.5	2.1	36.8	98.3	24.4	61.2	84.7
1964	23.4	67.5	1.9	36.3	100.2	24.9	65.8	86.0
1965	23.7	69.0	2.0	36.1	103.0	25.5	67.3	89.3
1966	23.7	75.1	1.9	36.5	108.1	26.0	70.0	90.0
1967	23.6	80.1	1.7	36.4	110.2	26.2	74.1	94.2
1968	23.8	83.2	1.6	36.7	114.1	26.9	76.0	94.0
1969	25.2	86.7	1.7	36.7	117.3	27.9	79.1	97.3
1970	24.6	85.0	1.6	37.2	120.8	29.0	82.9	101.0
1971	23.9	83.0	1.6	37.3	122.1	29.6	85.9	105.2
1972	26.9	85.1	1.6	36.9	133.6	30.6	88.0	114.3
1973	29.2	90.5	1.6	38.5	138.8	32.3	93.4	116.9
1974	29.8	93.4	1.8	39.8	143.9	33.6	98.5	121.4
1975	28.1	85.4	1.6	38.7	144.7	34.4	100.2	124.7
1976	30.3	87.8	1.7	40.6	150.7	35.7	100.4	124.8
1977	32.3	90.6	1.8	42.0	156.0	37.7	104.1	129.2
1978	33.0	94.0	1.8	43.8	158.9	39.5	108.8	130.2
1979	33.5	99.1	1.7	46.3	164.0	40.9	114.3	127.0

Source: Nebraska Department of Labor.

## Review and Outlook

The level of economic activity in Nebraska dropped in May 1980, with four of the five sectors recording losses when compared to April. The physical volume index for the state fell 1.9 percent from its April level and was 3.9 percent below its value of last year. Nationally, the index fell 1.1 percent from April and was down 3.1 percent from May 1979.

The April-to-May decrease for Nebraska was broadly based, with decreases in both the agricultural and nonagricultural sectors. The index for the agricultural sector fell 8.9 percent, and the composite index for the nonagricultural sectors fell 0.7 percent. Government, with an increase of 0.9 percent, was the only sector registering a gain. The month-to-month losses for the remaining

sectors were: construction, -7.3 percent; manufacturing, -1.5 percent; and distributive, -0.4 percent.

It appears that the Nebraska economy has been affected by the slowdown in the national economy during the first half of 1980. The physical volume index for the state is at its lowest level since August 1978, and nonagricultural output has dropped steadily, as all four of the nonagricultural sectors are below their output levels at the beginning of 1980. Moreover, first-quarter data indicate that real personal income in Nebraska may have dropped slightly from the fourth quarter 1979.

With the exception of retail sales and construction, however, the weak areas in the national economy are relatively less important in Nebraska. On the other hand, (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.

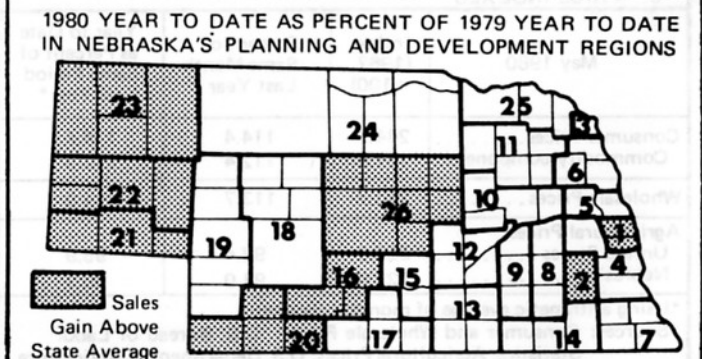
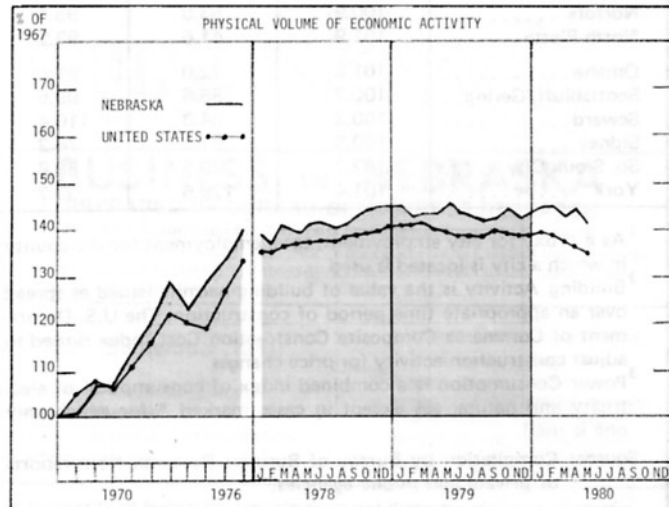
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
May 1980	Current Month as Percent of Same Month Previous Year		1980 Year to Date as Percent of 1979 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	104.9	108.4	108.6	110.5
Agricultural	107.4	103.1	112.7	104.2
Nonagricultural	104.5	108.6	108.1	110.7
Construction	63.1	98.0	76.4	109.3
Manufacturing	111.6	111.3	116.3	114.2
Distributive	106.1	108.7	109.4	110.1
Government	104.0	106.9	102.6	106.6
Physical Volume	96.1	96.9	98.6	98.2
Agricultural	118.0	111.5	117.7	108.8
Nonagricultural	93.5	96.4	96.3	97.9
Construction	57.6	89.5	68.7	98.1
Manufacturing	99.1	97.1	102.6	99.0
Distributive	92.8	95.0	95.7	96.3
Government	99.6	102.8	98.1	102.3

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	330.1	313.6
Agricultural	311.4	313.3
Nonagricultural	332.8	313.6
Construction	203.3	290.9
Manufacturing	351.2	288.4
Distributive	347.3	332.3
Government	311.0	303.4
Physical Volume	141.4	135.3
Agricultural	140.3	142.4
Nonagricultural	141.5	135.0
Construction	70.1	100.3
Manufacturing	166.0	133.4
Distributive	141.8	135.7
Government	141.1	149.1

3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)			
Region Number and City	City Sales*	Sales in Region*	
	May 1980 as percent of May 1979	May 1980 as percent of May 1979	Year to date '80 as percent of Year to date '79
<i>The State</i>	91.3	87.2	91.0
1 Omaha	88.0	85.4	90.8
Bellevue	93.4		
2 Lincoln	88.9	86.3	91.3
3 So. Sioux City	91.6	90.3	88.6
4 Nebraska City	90.2	80.3	83.2
5 Fremont	83.4	78.4	83.8
Blair	84.3		
6 West Point	89.2	73.3	80.5
7 Falls City	86.1	82.4	86.2
8 Seward	82.8	77.8	85.4
9 York	89.6	79.6	87.4
10 Columbus	81.5	74.7	88.6
11 Norfolk	84.0	78.2	86.5
Wayne	83.0		
12 Grand Island	79.2	77.4	86.4
13 Hastings	87.9	83.6	88.3
14 Beatrice	85.8	80.8	88.0
Fairbury	81.8		
15 Kearney	84.9	80.6	87.4
16 Lexington	87.5	86.8	89.1
17 Holdrege	90.1	82.7	87.5
18 North Platte	82.3	80.8	84.9
19 Ogallala	89.6	76.7	86.3
20 McCook	95.1	88.5	90.4
21 Sidney	99.3	98.6	96.9
Kimball	110.8		
22 Scottsbluff/Gering	93.5	84.4	90.1
23 Alliance	103.1	94.5	91.2
Chadron	98.8		
24 O'Neill	91.1	86.2	85.6
25 Hartington	81.1	75.8	82.6
26 Broken Bow	87.9	83.5	89.4

\*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.



(Continued from page 4) depressed agriculture prices, coupled with lower yields in 1980, will cause net farm income to decline considerably below the levels of 1979.

Although seasonally adjusted prices received by Nebraska farmers increased 1.8 percent from their April levels, prices have suffered from five consecutive monthly declines and remain 9.0 percent below last May.

The outlook for the Nebraska economy remains hazy. At the national level, it was reported that domestic auto sales improved and new housing starts began to pick up in June. If this carries over to the Nebraska economy, the declines in sales and construction may moderate in June and end later in the year. But unless increases in agricultural prices can be sustained, lower farm income will exert a downward influence on the Nebraska economy.

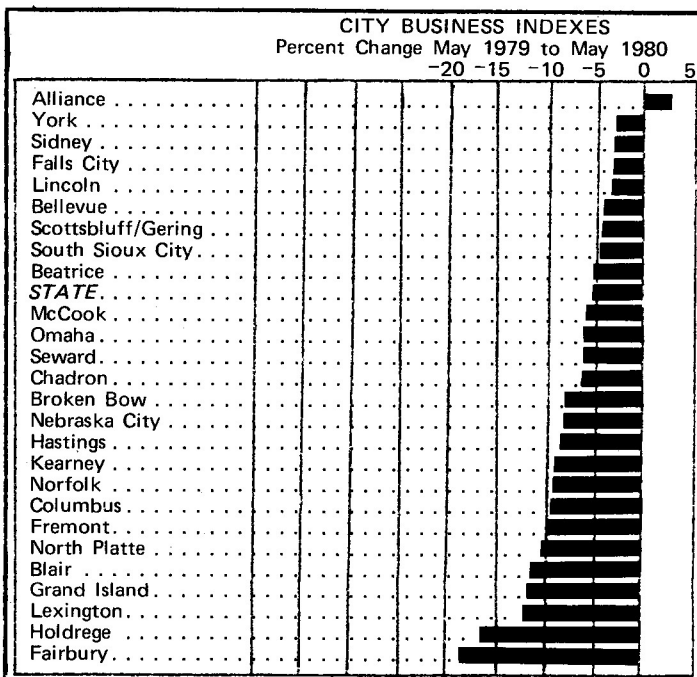
Although employment in Nebraska continued to grow in May, it appears that employment has been affected by the slowdown. The number of employed increased by 2,400 persons (0.3 percent) compared to May 1979, but, at the same time, there was an increase of 7,700 persons (38.5 percent) in unemployment. This is a continuation of the recent trend in which successively smaller year-to-year increases in employment have been accompanied by successively larger increases in unemployment.

The weakness in employment is underscored by the fact that May's growth resulted from increases in the distributive sector while the remaining sectors all lost employment. The growth in two of this sector's components (services and transportation, communications, and utilities) is a long-term trend which is unlikely to be altered by the current slowdown. It is not surprising, then, that the growth in employment occurred primarily in the state's trading centers, as twenty-one of these twenty-six cities recorded employment gains in May.

In May, retail sales dropped for the fifth consecutive month. Net taxable sales fell 12.8 percent below those of May 1979, after adjustment for price changes. Although non-motor vehicle sales were down 8.7 percent, much of the loss resulted from a 40.9 percent decline in motor vehicle sales. At the national level, retail sales decreased 8.6 percent from last May. Sales were down in all of the state's twenty-six planning regions. Moreover, non-motor vehicle sales were up in only two trading centers, Kimball and Alliance, compared to May 1979.

May's weakness in the state economy was reflected in the city business indexes, with twenty-five of the twenty-six cities registering losses relative to May 1979. The indexes fell an average of 5.8 percent as the moderate gains in employment were overshadowed by the substantial losses in retail sales and building activity. Alliance recorded the only gain in activity, with an increase of 2.6 percent.

J. A. D.



Source: Table 3 (page 4) and Table 4 below.

**4. MAY CITY BUSINESS INDICATORS**

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment <sup>1</sup>	Building Activity <sup>2</sup>	Power Consumption <sup>3</sup>
<i>The State</i> .....	101.5	61.0	92.1
Alliance .....	111.9	52.2	94.1
Beatrice .....	102.7	115.5	83.1
Bellevue .....	101.6	78.9	84.0
Blair .....	99.4	42.1	88.7
Broken Bow .....	101.1	57.1	88.2
Chadron .....	101.8	36.9	75.2
Columbus .....	100.4	70.6	91.3
Fairbury .....	100.2	11.6	82.7
Falls City .....	102.9	137.4	94.2
Fremont .....	99.9	44.4	102.4*
Grand Island .....	101.4	42.3	98.2
Hastings .....	100.4	54.5	84.9
Holdrege .....	97.9	14.3	68.3
Kearney .....	102.2	50.3	91.1
Lexington .....	99.4	22.2	94.5
Lincoln .....	102.5	102.3	95.5
McCook .....	100.0	38.6	98.5
Nebraska City .....	101.9	34.3	94.6
Norfolk .....	100.9	53.0	95.1
North Platte .....	101.9	41.6	93.2
Omaha .....	101.6	72.0	91.6
Scottsbluff/Gering ..	100.7	56.6	99.5
Seward .....	100.3	84.3	110.4
Sidney .....	100.5	81.5	74.2
So. Sioux City .....	102.7	70.5	88.8
York .....	101.4	129.5	93.7

<sup>1</sup> As a proxy for city employment, total employment for the county in which a city is located is used.

<sup>2</sup> Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

<sup>3</sup> Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked \* for which only one is used.

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

**5. PRICE INDEXES**

May 1980	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices .....	244.9	114.4	114.4
Commodity component .....	231.4	112.4	113.3
Wholesale Prices .....	263.7	113.7	114.9
Agricultural Prices			
United States .....	220.0	92.4	95.9
Nebraska .....	222.0	91.0	96.1

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

(Continued from page 3) divided by employment to obtain output per employee in real dollars. The greater the ratio, the greater the amount of output attributed to each employee of an industry. Low output-per-worker figures for some of the sectors are related to a relatively low wage rate. The ratios and the respective rankings for Nebraska's nonagricultural industries are presented below:

Sector	Output/Employee (thousands of 1972 \$)
(1) Finance, Insurance, and Real Estate	41.90
(2) Transportation, Communications, and Public Utilities	27.23
(3) Mining	18.82
(4) Manufacturing	16.97
(5) Contract Construction	12.93
(6) Wholesale and Retail Trade	11.19
(7) Government	9.10
(8) Services	8.63

### STATE INCOME TAX RECEIPTS

Of interest during this era of tax revolts and surplus general fund balances is a comparison of personal income and state income tax receipts for Nebraska. Gross tax receipts data from the Nebraska Department of Revenue and personal income data from the Bureau of Economic Analysis are presented below for the years 1970 through 1979:

	Nebraska Gross Income Tax Receipts (millions of \$)	Nebraska Personal Income (millions of \$)
1970	64.2	5,442
1971	63.7	5,864
1972	88.1	6,638
1973	113.8	7,834
1974	112.0	8,009
1975	116.4	9,087
1976	159.9	9,401
1977	217.8	10,382
1978	225.6	11,809
1979	275.4	13,129

State income tax receipts have grown from \$64.2 million in 1970 to \$275.4 million in 1979, an increase of 329.0 percent for

the ten-year period. During the same time, personal income has increased 141.3 percent. It is obvious that the growth of gross state income taxes has far outpaced the growth of personal income. Part of this phenomenon can be explained by the increase in the state income tax rate. However, most of the imbalance in growth is due to inflation, which has pushed Nebraska taxpayers into higher and higher federal tax brackets. Because the Nebraska income tax rate is applied directly to an individual's federal income tax bill, more federal income taxes paid means more income tax receipts flowing into the state's coffers.

### CONCLUSION

The preceding segments of this article have attempted to provide a brief quantitative review of growth and change in the Nebraska economy during the decades of the sixties and seventies. As the nation enters the final twenty years of the present century, inflation combined with a severe economic recession provides a somewhat pessimistic outlook for the future. Eventual recovery and continued economic growth will depend on this nation's ability to reduce effectively its dependence on foreign energy supplies, improve productivity, and compete successfully with foreign manufacturers. These problems are not insurmountable, but can be solved only with a combined effort of business and government.

C. L. B.

## NEBRASKA ECONOMICS AND BUSINESS ASSOCIATION

The Nebraska Economics and Business Association (NEBA) is an organization whose members have a common interest in economic issues and the economic progress of Nebraska. Members from the business and financial community, from government, and from the academic institutions of Nebraska meet at least once each year to discuss issues of current significance, to participate in a program with theoretical, applied, and professional elements, and to become better acquainted.

The NEBA meeting for 1980 is scheduled for November 14 at the Lincoln, Nebraska, Hilton Hotel, beginning at noon with lunch and a speaker. After lunch, each participant may choose a small group session whose papers and discussion are of interest. The day is capped by a social period and featured dinner speaker. The NEBA meetings run concurrently with the Nebraska Council on Economic Education sessions.

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