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INCOME AND EMPLOYMENT GROWTH IN NEBRASKA

The following article by Dr. Ronald A. Wykstra continues the series begun in these pages last month on the important topic of income growth in the state. It is based on the last chapter of his recently completed doctoral dissertation, which has been accepted for publication in book form by the University of Nebraska Press. Dr. Wykstra, who has been teaching at the University for the past several years, will assume his new position as Assistant Professor of Economics at Western Michigan University in September. While space does not permit publication here of much of the supporting data, it is felt that some of the conclusions reached by Dr. Wykstra are worthy of serious consideration. Subsequent articles in this series will examine agricultural income, manufacturing income, and governmental income in more detail.

Overall changes in the income, population, and labor force characteristics of the Nebraska economy during the present century provide sweeping insights into the long-term performance of the economy of the state.

INCOME

The average annual rate of growth of total real personal income in Nebraska for the six-decade period ending in 1960 was 2.28% - 1.17 percentage points below the national growth rate for this same period. From 1948 to 1963 total real personal income in Nebraska grew at a rate of 2.42% compared with 3.76% for the nation. Since 1958, however, the differential has narrowed to 0.8%. Nevertheless, for the entire period 1948 to 1963 a real personal income growth gap which cumulatively is equal to 6.7 billion dollars appeared between the nation and state. This is the additional income which would have accrued to Nebraska in this postwar period if the state had grown at the national rate. This gap is depicted in Chart I below. Its size is comparable to almost two years of personal income in the state as of the early 1960’s.

The Nebraska record of growth in the postwar period has also been substandard when compared with national growth in terms of real income per capita. From 1948 to 1963 the increase was 24% in Nebraska, 35% in the nation. This amounts to a growth rate of 1.45% a year compared with a national growth rate of 2.04%. Thus the 6.7 billion growth gap in total real personal income constitutes a sizeable loss when spread over 1.4 million Nebraska residents.

It is also of interest to note the changes in the functional sources of personal income in the postwar period, as depicted in Chart II below. Wage and salary sources have (Continued on page 4)
Business Summary

May's dollar volume of business in Nebraska increased 17.2% from May, 1965 and decreased 1.8% from April, 1966. The U.S. dollar volume followed the same pattern increasing 9.8% over last year and decreasing 2.1% from last month. Compared to last year Nebraska's physical volume index rose 8.1% and the U.S. physical volume index rose 6.4%. In Nebraska all but one of the individual series increased from last year. Electricity produced (-4.1%) was the only indicator to decrease. In the U.S. all indicators increased over May, 1965. Bank Debts, Manufacturing employment, and Gasoline sales were the only Nebraska indicators increasing from April, 1966.

Retail sales for the State in June were up 7.6% from June, 1965. Both Hard Goods and Soft Goods increased from last year. Grocery stores and Feed & Grain dealers had the largest increases in the Soft Goods category while Home & Farm equipment increased dominated the Hard Goods category. Only three cities, Hastings, York, and Beatrice decreased from last June. Automobile sales continued to lag behind last year's sales.

Unadjusted city indexes rose in 21 of 22 cities over June, 1965. The state index was 10.1% above June, 1965.

All figures on this page are adjusted for seasonal changes, which means that the month-to-month ratios are relative to the normal or expected changes. Figures in Chart I (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. BURGESS

I. NEBRASKA and the UNITED STATES

II. PHYSICAL VOLUME OF BUSINESS
% of 1948 Average

<table>
<thead>
<tr>
<th>Month</th>
<th>Nebr.</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>112.7</td>
<td>103.6</td>
</tr>
<tr>
<td>June</td>
<td>108.2</td>
<td>108.7</td>
</tr>
<tr>
<td>July</td>
<td>107.4</td>
<td>108.3</td>
</tr>
<tr>
<td>Aug</td>
<td>108.1</td>
<td>108.8</td>
</tr>
<tr>
<td>Sept</td>
<td>108.4</td>
<td>108.9</td>
</tr>
<tr>
<td>Oct</td>
<td>109.8</td>
<td>109.3</td>
</tr>
<tr>
<td>Nov</td>
<td>110.6</td>
<td>110.3</td>
</tr>
<tr>
<td>Dec</td>
<td>110.8</td>
<td>111.0</td>
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</tbody>
</table>

JUN


<table>
<thead>
<tr>
<th>JUN</th>
<th>No. of Reports*</th>
<th>Per Cent of Same Month a Year Ago</th>
<th>Per Cent of Preceding Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Total</td>
<td>Hard Goods</td>
<td>Soft Goods</td>
</tr>
<tr>
<td>THE STATE</td>
<td>914</td>
<td>107.6</td>
<td>105.1</td>
</tr>
<tr>
<td>Omaha</td>
<td>102</td>
<td>107.5</td>
<td>106.9</td>
</tr>
<tr>
<td>Lincoln</td>
<td>96</td>
<td>101.1</td>
<td>103.6</td>
</tr>
<tr>
<td>Grand Island</td>
<td>33</td>
<td>113.6</td>
<td>114.1</td>
</tr>
<tr>
<td>Hastings</td>
<td>35</td>
<td>94.1</td>
<td>95.0</td>
</tr>
<tr>
<td>North Platte</td>
<td>23</td>
<td>100.5</td>
<td>98.9</td>
</tr>
</tbody>
</table>

Fremont  | 31              | 100.9                           | 99.4                        |
| Fairbury | 30              | 100.5                           | 98.6                        |
| Norfolk  | 34              | 100.2                           | 102.1                       |
| Scottsbluff | 33          | 100.7                           | 99.0                        |
| Columbus | 30              | 111.4                           | 110.9                       |
| McCook   | 27              | 108.6                           | 98.8                        |
| York     | 94.4            | 98.7                            | 99.8                        |

JUN

IV. RETAIL SALES, Other Cities and Rural Counties

<table>
<thead>
<tr>
<th>JUN</th>
<th>Locality</th>
<th>No. of Reports*</th>
<th>Per Cent of Same Month A Year Ago</th>
<th>Per Cent of Preceding Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kearney</td>
<td>17</td>
<td>106.8</td>
<td>110.3</td>
<td></td>
</tr>
<tr>
<td>Alliance</td>
<td>22</td>
<td>108.2</td>
<td>89.9</td>
<td></td>
</tr>
<tr>
<td>Nebraska City</td>
<td>19</td>
<td>113.4</td>
<td>111.1</td>
<td></td>
</tr>
<tr>
<td>Broken Bow</td>
<td>16</td>
<td>116.0</td>
<td>110.8</td>
<td></td>
</tr>
<tr>
<td>Falls City</td>
<td>18</td>
<td>107.8</td>
<td>103.7</td>
<td></td>
</tr>
<tr>
<td>Holdrecht</td>
<td>19</td>
<td>106.8</td>
<td>106.6</td>
<td></td>
</tr>
<tr>
<td>Chadron</td>
<td>17</td>
<td>103.2</td>
<td>99.1</td>
<td></td>
</tr>
<tr>
<td>Beatrice</td>
<td>25</td>
<td>94.4</td>
<td>92.5</td>
<td></td>
</tr>
<tr>
<td>Sidney</td>
<td>29</td>
<td>107.1</td>
<td>111.7</td>
<td></td>
</tr>
<tr>
<td>So. Sioux City</td>
<td>14</td>
<td>116.1</td>
<td>93.3</td>
<td></td>
</tr>
<tr>
<td>Antelope</td>
<td>14</td>
<td>122.9</td>
<td>114.1</td>
<td></td>
</tr>
<tr>
<td>Cass</td>
<td>29</td>
<td>96.0</td>
<td>102.9</td>
<td></td>
</tr>
<tr>
<td>Cuming</td>
<td>15</td>
<td>132.7</td>
<td>102.9</td>
<td></td>
</tr>
<tr>
<td>Sand Hills**</td>
<td>27</td>
<td>103.2</td>
<td>92.1</td>
<td></td>
</tr>
<tr>
<td>Dodge***</td>
<td>13</td>
<td>117.7</td>
<td>100.5</td>
<td></td>
</tr>
<tr>
<td>Franklin</td>
<td>10</td>
<td>87.8</td>
<td>93.3</td>
<td></td>
</tr>
<tr>
<td>Holt</td>
<td>15</td>
<td>127.9</td>
<td>108.9</td>
<td></td>
</tr>
<tr>
<td>Saunders</td>
<td>19</td>
<td>108.2</td>
<td>102.4</td>
<td></td>
</tr>
<tr>
<td>Thayer</td>
<td>10</td>
<td>92.3</td>
<td>107.7</td>
<td></td>
</tr>
<tr>
<td>Misc. Counties</td>
<td>55</td>
<td>99.8</td>
<td>106.2</td>
<td></td>
</tr>
</tbody>
</table>

V. RETAIL SALES, by Subgroups, for the State and Major Divisions

<table>
<thead>
<tr>
<th>JUN</th>
<th>Type of Store</th>
<th>Per Cent of Same Month a Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>107.6</td>
<td>103.0</td>
</tr>
<tr>
<td>Omaha and Lincoln</td>
<td>108.3</td>
<td>112.1</td>
</tr>
<tr>
<td>Other Cities</td>
<td>108.7</td>
<td>108.7</td>
</tr>
<tr>
<td>Other Counties</td>
<td>104.2</td>
<td>104.2</td>
</tr>
</tbody>
</table>

*Not including liquor stores  **Outside Principal City  ***Not including Selected Services and Liquor Stores

**Including Hooker, Grant, Dawes, Cherry, and Sheridan Counties
**Measurement of Nebraska Business**

### Physical Volume of Business
- **U.S. NEBR.**
- **Annually**
- **Monthly**

### Unadjusted City Indexes
- **Per Cent Change, June 1965 to June 1966**
  - **Kearney**
  - **Omaha**
  - **Grand Island**
  - **Holtrege**
  - **Fremont**
  - **Columbus**
  - **Chadron**
  - **Broken Bow**
  - **SO. SIOUX CITY**
  - **Falls City**
  - **MCCOOK**
  - **Alliance**
  - **Beatrice**
  - **Sidney**
  - **SPOTTIBUFF**
  - **Norfolk**
  - **North Platte**
  - **Lincoln (State)**
  - **Fairbury**
  - **NEBRASKA CITY**
  - **HASTINGS**
  - **LAKE**
  - **MEDICINE**
  - **NORTH PLATTE**
  - **Midland**
  - **OMAHA**
  - **Pawnee**
  - **PERM**
  - **SPOTTIBUFF**
  - **VITALITY**
  - **WING**

### VI. City Business Indicators

#### Per Cent of Same Month a Year Ago
- **State or City**
- **The Index**
- **Bank Debits Activity**
- **Building Activity**
- **Retail Sales**
- **Electricity Consumed**
- **Gas Consumed**
- **Water Pumped**
- **Postal Receipts**
- **Newspaper Advertising**

#### Per Cent of Preceding Month (Unadjusted)
- **State or City**
- **The Index**
- **Bank Debits Activity**
- **Building Activity**
- **Retail Sales**
- **Electricity Consumed**
- **Gas Consumed**
- **Water Pumped**
- **Postal Receipts**
- **Newspaper Advertising**

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*Figures on this page are not adjusted for seasonal changes nor for price changes. Building activity includes the effects of past as well as present building permits, on the theory that not all building is completed in the month the permit is issued. E. L. B.*
(Continued from first page) increased more rapidly in the state than in the nation; property income has increased less rapidly; and proprietors' income has declined appreciably in Nebraska while increasing slightly at the national level. It will be seen from the chart that this decline in proprietors' income stems largely from the decrease in such incomes from farm sources.

HUMAN CAPITAL

The relatively unfavorable showing in per capita income has come in spite of the fact that the Nebraska population has not grown as rapidly as that of the nation. Over the entire six decades of this century the Nebraska population growth rate was one-third the national rate. The differential was less for the 1948 to 1963 period, but the postwar growth gap in human capital was one-quarter of a million persons. This is depicted in Chart III below.

The slower rate of population growth reflects large net out-migration from the state. Three-quarters of a million persons have been estimated as net out-migrants in this century, and net out-migration has averaged approximately 10% of the average population in each of the three most recent decades. Approximately 80% of all net out-migrants have been under 45 years of age and about half are in the productive 25-44 age category. The approximate 6% decline in Nebraska population between 1940 and 1960 contrasts sharply with a 6% increase for this category in the nation.

From 1955 to 1960 none of the economic areas in Nebraska exchanged migrants with other states on an even basis; i.e., all areas experienced net out-migration, including Omaha and Lincoln. This information is normally concealed by the large influx of persons from rural Nebraska to the two major metropolitan areas.

LABOR FORCE AND EMPLOYMENT

Largely as a consequence of this out-migration, the male labor force in Nebraska was smaller in 1960 than it was in 1940 or 1950, and the Nebraska working age population (over 14 years) actually declined from 1950 to 1960, all of this decline occurring in the male population. During the 1954-64 decade the total civilian labor force and total civilian employment grew by 15% in the nation, but only 3% in Nebraska. Private employment rose by less than 1% the state, in contrast with a growth of 12% for the nation as a whole.

The total Nebraska labor force actually declined from 645,100 in 1962 to 635,711 in 1965.

The industrial origins of income and employment have changed dramatically since the turn of the century. In 1900 two-fifths Nebraska's total service income (wages, salaries, and proprietors' income) was generated by agriculture compared with one-fifth for the nation. By 1960 service income earned in agriculture declined to 4.8% of the nation's total and to 18.5% of the Nebraska total. Agricultural employment declined from 197,000 in 1950, 160,000 in 1960 and 127,000 in 1965.

Occupational needs have also changed dramatically in recent years in Nebraska. Some of the more important net shifts in labor force have been towards higher skill level occupations. On the other hand, there has been some tendency towards a longer retardation of growth in the skill content of the Nebraska labor force. This is evidenced in numerous ways, including shifts in occupation, recognition that most out-migrants have a larger than average future earning capacity, and the fact that the education attainment levels of out-migrants are in excess of the state average. It appears that Nebraska growth has been at a competitive disadvantage in comparison with national trends in certain occupations, such as the professional and craftsmen categories, that Nebraska manpower development may not be abreast of the dynamic national economy of the 1960's. A recent study indicates that less than one-half the estimated demands for vocational education are currently being met by vocational training in the Plains States, with Nebraska providing approximately 55% of estimated demand.

MANUFACTURING

Between 1948 and 1963 Nebraska service income earned in agriculture declined by about one-third of a billion dollars, but total personal income increased one billion dollars. In this postwar era the trade and transportation sectors, as well as agriculture, have shown negative absolute and relative growth contributions in relation to the nation and thus have detracted from overall state growth performance. In contrast, manufacturing and construction were positive influences.

Value added in manufacturing grew less rapidly in Nebraska than in the nation between 1900 and 1930. Since that time the Nebraska rate has approximated the national increase. In the postwar period value added has increased more rapidly in Nebraska than in the nation, but the difference has been quite small. Value added Nebraska manufacturing was 0.36% of the national total in 192, 0.38% in 1958, and 0.39% in 1963.

While several of the industry components of the manufacturing sector in Nebraska have grown at rates far in excess of the national rate, these do not include major agricultural-related sectors, which have turned in substandard performances in the postwar period in comparison with overall manufacturing growth of the food products sector in the nation. Manufacturing activities have grown rapidly in the postwar Nebraska economy, but growth has not been sufficient to absorb the large exodus of human resources from agriculture. While the manufacturing sector has generated income in excess of the national rate, it has increased rapidly enough to offset the contracting agricultural base, which provided one-third of personal income in Nebraska 1948 but only one-eighth in the mid-1960's.

The sluggish pattern of economic growth in Nebraska incor
and employment and the slow rate of accumulation of the stock of human capital have been influenced unfavorably by the orientation of the Nebraska industry mix toward economic sectors which have become relatively less important to the nation with the passage of time. The intensity of agricultural decline has exceeded the state's ability to absorb released human capital in other "basic" economic activities. This dilemma has been compounded by the fact that the food products component of manufacturing has grown at a rate below the overall Nebraska manufacturing average and the comparable industry in the nation in the 1958-63 period. (Since the mid-1950's employment in the food component of manufacturing in the state has actually declined.) As a consequence, numerous Nebraskans have been encouraged to leave the state, and numerous others no doubt have accepted 'underemployment' as a way of life.

In summary, while manufacturing has been a positive influence on the state's economic growth and has absorbed some of the labor displaced from agriculture, the food products industry, and meat products in particular, have detracted from Nebraska from the aggregate manufacturing rate of growth in value added and employment. In contrast, the transportation equipment, machinery, chemicals, rubber and plastics, lumber and wood, and grain mill industries have positively conditioned aggregate growth in manufacturing.

Manufacturing and, to a lesser extent, the government, services, and communications sectors of the economy are under-represented as sources of income in Nebraska when compared with the nation. All have grown as a proportion of total income in Nebraska, but they remain of less relative importance to the state than they are nationally.

A TURNING POINT?

This analysis has brought out many weaknesses in the Nebraska economy. Throughout most of the six decades covered in this study the Nebraska economy has not been as active a participant in the economic mainstream of the nation as might be desired. The slower rate of economic growth in the state relative to national progress has many implications and assumes many forms, including large amounts of human capital out-migration, inadequate job opportunities, income levels and growth rates substantially lower than those experienced in the national level, lower than national average expenditures in support of education, and the export of financial capital.

The people of Nebraska should be able to profit from knowledge concerning shortcomings in the past performance of their economy. Admitting the realities of the state's growth gap is prerequisite to a commitment to devise and implement policies which may help to overcome this deficiency for the future.

Some of the data examined in this study suggest the possibility that Nebraska may be on the verge of a resurgence of economic growth. These signs are very tentative, but some worthy of note are: (1) area or competitive advantage shifts in total employment from 1958 to 1963 in contrast to a competitive disadvantage from 1948 to 1963; (2) a greatly reduced rate of net out-migration in recent years; (3) an annual average growth differential unfavorable to Nebraska in personal income of 0.8 percentage points from 1958 to 1963 compared with 1.4 percentage points difference from 1948 to 1963; (4) a 1965 increase of 9.4% in total personal income and 9% in per capita income in Nebraska as compared with 7.2% and 5.8% respectively for the nation as a whole.

One might also argue that absolute employment declines in agriculture are not likely to occur in the future to as large an extent as in the past. As a matter of fact, however, such declines have increased in recent years. The drop in agricultural employment was 37,000 from 1950 to 1960 and 33,000 from 1960 to 1965. It is true, nevertheless, that there is a built-in favorable growth bias in the simple fact that with the passage of time and the decreasing relative contribution of agriculture to the state economy its overall negative growth effects are felt less and less. Moreover, with the passage of time, economic growth has occurred in the "replacement" economic base provided in part by manufacturing.

Thus there is some evidence to suggest that the state economy may be near a "pivotal" point in the mid-1960's, but this evidence is by no means conclusive. James Alcott of Midwest Research Institute in Kansas City predicted recently that Nebraska would lead the mid-continent region in economic growth in the next decade, although he expects the states in this region to continue to lag behind the national growth rate.

The prevailing history of relatively poor economic performance over the time period covered in this study renders suspect any idea that a reversal of these trends will occur of its own accord. The idea that we may now be at a crucial turning point in the state's economic history does suggest, however, that this may be an appropriate time to adopt policy measures to facilitate economic growth. Hopefully, economic development can be pursued more vigorously than has been the case in the past, and it may be possible that growth will occur at a rate more nearly comparable to national growth in the future.

RONALD A. WYKSTRA

REVIEWS


The above publications of the Research Program in Marketing at the Graduate School of Business Administration at Berkeley cover subjects about which Nebraska businessmen frequently make inquiries of the Bureau of Business Research. The collection of papers in New Research in Marketing includes topics which range from abstract models to practical operating models, and even the more abstract may be found to have practical adaptations.

The report entitled Studies in the Demand for Consumer Household Equipment covers three independent studies employing five different sets of data. Mr. Carman's work involves sophisticated research techniques and is likely to be of less general interest than the contributions by Frederick Manzara and John D. Kaczor which tend to have more practical implications and which open the door at least to understanding the dynamics of consumption of durable household equipment.
ECONOMIC FUTURE FOR WATER

Problems relating to the supply and quality of water are matters of immediate concern in Nebraska and many other states. The pertinent article which follows is reprinted by permission from the *Illinois Business Review*. The article was written by Dr. V. Lewis Basseie, Director of the Bureau of Economic and Business Research of the University of Illinois.

Pressure is building up to find remedies for the related problems of water supply and water quality. Congress is in ferment, shoving several bills under consideration. President Johnson has recommended a reorganization to make existing programs more effective. Many states are planning their own water programs. The urgency of action is dictated by the facts of a deteriorating situation. Pressures of expanding population and industry on a limited resource are by themselves enough to create severe shortfalls: they are aggravated by the tragic wastes of pollution inherent in the traditional policies for haphazard development and the fish practices of the spoilers.

Some Basic Facts About Water Production

The economics of the situation may be summed up in the statement that the price of water will be rising. The trend is not a matter of inflation, but merely normal appreciation in the value of capital asset subject to growing use. Water can no longer be considered a free good, like air, to be taken by everyone as it is needed. The growing population and its increasing concentration cities mean that nearly everybody has to pay for the quantities used, in one way or another, and the costs of supplying his needs only rise.

It is estimated that the rainfall on the United States is sufficient to provide for something like twice our present population without any decrease in our customary standards of usage. But it would be possible only with ever increasing outlays to conserve, transport, and improve the supplies available.

Water is basic to our standard of living in various ways. We use it directly, for drinking, bathing, washing dishes and clothes, flushing toilets, and carrying our wastes through the sewage systems. In our expensive diets we consume much more, since food is costly in terms of water. Growing plants use tens of pounds of water for each pound of edible product; and when we convert grain and fodder to meat, this use is expanded almost tenfold.

Our way of life also depends on an industrial structure that requires large quantities of water to process textiles, paper, steel, machinery, gasoline, and almost everything else, and in many cases even greater quantities for flushing industrial waste products away.

River disposal of waste is inexpensive in immediate costs, but results in polluted rivers. New York City is at the mouth of a river whose water is so filthy it can be used only for transshipment. Numerous other examples spell out the social disutility resulting from indiscriminate use of resources by those who are not forced to pursue their own advantage and do so by passing on burdens on others in a less favored position. With the maturing of the sole economy, there are now other people downstream practically everywhere.

Only a fourth of the water falling as rain within our coastal regions returns to the atmosphere - about half by evaporation and half by transpiration through living organisms, mostly rough cultivated crops or forests. Nothing much can be done about this division. We are pumping considerable quantities from underground sources, but unless nature replenishes those sources, the flow will be temporary. Hence, all the supplies subject to control have to be used economically. We know how to check and re-direct the runoff to advantage, as the TVA and other river-basin developments demonstrate. Increasingly the flowing waters will have to be used and reused, perhaps several times before they reach the ocean.

A Case of Social Disutility

We also know how to upgrade the quality of water to any extent necessary. That is now basically a matter of economics. As with any other commodity whose quality and price are open to adjustment, it is a question of how much users are willing to pay for the desired quality at any given location. Once pollution is severe, however, the costs tend to become prohibitive.

What should no longer be tolerated are additions to the uncompensated social costs of wastes passed on to others. Only by immediate action to put an end to passing on new increments of untreated sewage or industrial wastes can the piling up of social disutility be prevented, because once any practice is permitted, it becomes entrenched in a vested interest that cannot be dislodged without a fight. Each expanding community should be required to provide full treatment of the wastes flushed out of the new houses and commercial buildings added to its tax rolls. Each new factory should be required to return to the stream water equal in quality to that taken into the plant, and enlightened businessmen will regard this as a legitimate cost of doing business. These requirements should be enforced all across the country, to prevent the self-seekers in any community from competing for new plants and population at somebody else's expense.

Beyond that first step, the task of cleaning up the existing mess and supplying ever increasing needs will be enormous and take years to complete. Some observers seem to regard the problem as involving a trade off between other goods and clean water. They feel that we may have to give up some of the low-cost goods that we might buy for use in a "free" environment, however unpleasant it may become, in order to obtain such amenities as clean water and enjoyable recreational facilities. In our great economy, this could at best be only partly true, and then only in periods of temporary economic strain. More generally, the "Great Society" concept is appropriate because we have the wherewithal to do both.

To obtain the best of both worlds, a steady stream of dollars must be put into the right kind of expenditures, both public and private, on a planned and coordinated basis. On the private side, some of those dollars may represent higher costs and may involve some price increases. On the public side, our various government enterprises have just begun to create the physical plant and the working force that will be needed to enable water to play its proper role in a rising standard of living. There need be no trade off in obtaining this result because these works, too, will represent part of our real national income.

We are facing the day when water production will have to be managed, region by region, by efficient enterprises, which will make careful use of resources, carry on research to solve emerging problems, and enact a scale of charges designed to allocate available supplies economically. We cannot delay the building of those regional enterprises that will have these responsibilities. Any loss of momentum will magnify and solidify the obstacles. To salvage the future we have to begin building it now.