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THE NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT

By JAMES W. MONROE

Director, Nebraska Department of Economic Development

After 100 years of growth and prosperity based firmly upon a nearly self-sufficient agricultural economy, why has Nebraska seen fit to depart from its rural image and increase its efforts in the highly competitive business of attracting industry?

For many years Nebraska's citizens and lawmakers alike saw no reason to disrupt the natural flow of Nebraska's economy. The pioneers settled in Nebraska because of the rich earth in which to raise their crops and the lush meadows on which to graze their livestock. They, and those who followed, built a good life for themselves based mainly upon agriculture and in so doing built a mighty agricultural state.

Not that they were against industry locating in Nebraska. After all, the farmers did need towns and cities nearby for many of their needs, and it was easy to see that those cities in which there was diversification were healthier than those that depended entirely upon the farmer for their existence. So rural Nebraskans welcomed, even encouraged, industry in their area. But to seek out and solicit industry was an uncommon practice. Agriculture was still the way of life and the primary concern in the state.

The need and opportunity for industrial development in Nebraska, however, did not go unheeded over the years. Many men pushed for increased efforts along this line. It was a group of such forward-thinking individuals who instigated a movement in the late 1940's to create a department of economic development within the framework of the state government.

This movement was not entirely successful, but the Nebraska Legislature did see fit in 1947 to establish the Division of Nebraska Resources within the Department of Agriculture. Along with other functions, the Division of Resources was charged with enhancing Nebraska's industrial community. During its 20 years of existence the Division of Resources dedicated itself to that end and brought many industries to the State. Handicapped by budget limitations, however, they were not able completely to fulfill Nebraska's needs.

In later years another effort was made to establish an economic development department. The expansion of the Division of Resources to a department in itself would, it was felt, put the proper emphasis on economic and industrial development and would bring along with it the staff and financing necessary to do a more adequate job. Again the drive fell short of its goal, even though it did bring about the transformation of the Department of Agriculture into the Department of Agriculture and Economic Development in 1963.

The 1967 Legislation

Economic development in Nebraska was becoming more impor-tant. Even though the Resources Division was doing a tremendous job within the limits of budget and staff, in the face of growing competition from other states and areas, it was felt that Nebraska still was not keeping pace in the race for new and expanding industry.

Therefore, in 1967, the Centennial Legislature passed LB 34 without a dissenting vote. This bill removed the economic development function from the Department of Agriculture and created the Nebraska Department of Economic Development. As outlined in the bill, the Department of Economic Development is to, "plan, promote and develop the economy of the state and work for the fullest development of the state's human, natural, and physical resources; stimulate the growth and prosperity of commerce, agriculture, industry and job opportunities within the state; and coordinate the efforts of private and governmental agencies engaged in similar activities within the state."

Reasons for the Action

Thus Nebraska has entered the economic development field on a full-time basis. But to go back to the initial question, why this increased emphasis on industrial development when agricultural pursuits have been so rewarding for the state of Nebraska?

Ironically, the biggest need for such development of industry has come about due to the growth and advancement of agriculture itself. Agriculture has grown in giant strides over the years in Nebraska as well as in other states and now produces more than ever before in history. But, while agriculture still employs a greater portion of the Nebraska labor force than any other segment of the economy, technological advances now enable fewer people to farm more land and thereby have brought about a reduction in the number of people required to accomplish agricultural tasks. In 1950 the total number of people employed in agriculture in Nebraska was 197,000. In 1966 this total had dropped to 120,000. In the same period of time the number of workers involved in manufacturing has grown only from 52,000 to 75,000. This brings about the need for more job opportunities to absorb the workers no longer needed on the farm.

In addition, with agriculture producing at a record rate due to rapidly increasing technology, there is an increased need for industry to process agricultural products, to build farm machinery, and to use agricultural by-products in the manufacture of other goods. The majority of new development in Nebraska is directly related to agricultural processing or the manufacturing of agricultural equipment.

Competition is another reason for Nebraska to add emphasis to its economic development efforts. The U.S. Department of Commerce has projected that in 1967...
## Measuring Nebraska Business

August's dollar volume of business in Nebraska increased 3.3% from August, 1966 and the physical volume increased 2.7%. The U.S. dollar volume rose 8.7% and the physical volume rose 5.3% from August, 1966. The U.S. construction activity index increased over year-ago levels for the first time since May, 1966. Nebraska's construction index, having last shown an increase over year-ago levels in September, 1966, remained down with a 14.3% decline from August, 1966. Life insurance sales (-1.1%) was the only other Nebraska indicator declining from year-ago levels.

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.

### I. Nebraska and the United States

<table>
<thead>
<tr>
<th>AUG</th>
<th>Nebr.</th>
<th>% Change from 1948 Average</th>
<th>% Change from Same Month a Year Ago</th>
<th>% Change from Preceding Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Volume of Business</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Physical Volume of Business</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Bank debits (checks, etc.)</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Construction activity</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Retail sales</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Life insurance sales</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Cash farm marketing</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Electricity produced</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Manufacturing employment</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Other employment</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
<tr>
<td>Gasoline sales</td>
<td>0</td>
<td>100</td>
<td>200</td>
<td>-10</td>
</tr>
</tbody>
</table>

### II. Physical Volume of Business

<table>
<thead>
<tr>
<th>SEP</th>
<th>City</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>THE STATE 854</td>
<td>Total</td>
<td>104.3</td>
<td>102.6</td>
<td>105.1</td>
</tr>
<tr>
<td>Omaha</td>
<td>88</td>
<td>109.9</td>
<td>111.6</td>
<td>108.4</td>
</tr>
<tr>
<td>Lincoln</td>
<td>84</td>
<td>110.4</td>
<td>121.3</td>
<td>107.9</td>
</tr>
<tr>
<td>Grand Island</td>
<td>34</td>
<td>115.9</td>
<td>106.3</td>
<td>124.6</td>
</tr>
<tr>
<td>Hastings</td>
<td>32</td>
<td>104.4</td>
<td>111.6</td>
<td>90.8</td>
</tr>
<tr>
<td>North Platte</td>
<td>19</td>
<td>101.4</td>
<td>92.8</td>
<td>105.8</td>
</tr>
</tbody>
</table>

### III. Retail Sales for Selected Cities. Total, Hard Goods, and Soft Goods Stores

<table>
<thead>
<tr>
<th>SEP</th>
<th>City</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>THE STATE 854</td>
<td>Total</td>
<td>104.3</td>
<td>102.6</td>
<td>105.1</td>
</tr>
<tr>
<td>Fremont</td>
<td>32</td>
<td>103.6</td>
<td>106.5</td>
<td>101.2</td>
</tr>
<tr>
<td>Fairbury</td>
<td>26</td>
<td>103.6</td>
<td>106.5</td>
<td>101.2</td>
</tr>
<tr>
<td>Norfolk</td>
<td>32</td>
<td>103.4</td>
<td>107.0</td>
<td>100.1</td>
</tr>
<tr>
<td>Scottsbluff</td>
<td>35</td>
<td>99.4</td>
<td>102.9</td>
<td>96.4</td>
</tr>
<tr>
<td>Columbus</td>
<td>27</td>
<td>111.5</td>
<td>97.7</td>
<td>123.9</td>
</tr>
<tr>
<td>McCook</td>
<td>21</td>
<td>94.4</td>
<td>92.2</td>
<td>96.8</td>
</tr>
<tr>
<td>York</td>
<td>32</td>
<td>99.1</td>
<td>96.8</td>
<td>100.5</td>
</tr>
</tbody>
</table>

### IV. Retail Sales, Other Cities and Rural Counties

### V. Retail Sales by Subgroups, for the State and Major Divisions

<table>
<thead>
<tr>
<th>SEP</th>
<th>Type of Store</th>
<th>Per Cent of Same Month a Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>Omaha and Lincoln</td>
<td>Other Cities</td>
</tr>
<tr>
<td>ALL STORES***</td>
<td>104.3</td>
<td>107.6</td>
</tr>
<tr>
<td>Selected Services</td>
<td>111.8</td>
<td>109.5</td>
</tr>
<tr>
<td>Food stores</td>
<td>110.3</td>
<td>110.6</td>
</tr>
<tr>
<td>Groceries and meats</td>
<td>114.4</td>
<td>114.3</td>
</tr>
<tr>
<td>Eating and drinking places</td>
<td>107.8</td>
<td>106.5</td>
</tr>
<tr>
<td>Dairies and other foods</td>
<td>98.9</td>
<td>100.3</td>
</tr>
<tr>
<td>Equipment</td>
<td>97.8</td>
<td>111.6</td>
</tr>
<tr>
<td>Building material</td>
<td>101.3</td>
<td>114.8</td>
</tr>
<tr>
<td>Hardware dealers</td>
<td>108.0</td>
<td>131.1</td>
</tr>
<tr>
<td>Farm equipment</td>
<td>77.0</td>
<td>NA</td>
</tr>
<tr>
<td>Home equipment</td>
<td>104.8</td>
<td>118.5</td>
</tr>
<tr>
<td>Automotive stores</td>
<td>108.3</td>
<td>112.9</td>
</tr>
<tr>
<td>Automotive dealers</td>
<td>108.5</td>
<td>114.3</td>
</tr>
<tr>
<td>Service stations</td>
<td>103.6</td>
<td>107.3</td>
</tr>
<tr>
<td>Miscellaneous stores</td>
<td>100.3</td>
<td>98.4</td>
</tr>
<tr>
<td>General merchandise</td>
<td>96.0</td>
<td>90.5</td>
</tr>
<tr>
<td>Variety stores</td>
<td>101.6</td>
<td>99.0</td>
</tr>
<tr>
<td>Apparel stores</td>
<td>101.6</td>
<td>101.7</td>
</tr>
<tr>
<td>Luxury goods stores</td>
<td>102.6</td>
<td>100.4</td>
</tr>
<tr>
<td>Drug stores</td>
<td>101.6</td>
<td>99.0</td>
</tr>
<tr>
<td>Other stores</td>
<td>105.6</td>
<td>112.5</td>
</tr>
</tbody>
</table>

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*Hickman, Grand, Dawes, Cherry, and Sheridan Counties

***Not including Selected Services
American industry will spend approximately $64 billion for new plants and equipment. Based on past trends, the $64 billion will include between 4,000 and 5,000 new or expanded plants. With approximately 3,100 counties in the United States it is easy to see that there should be at least one major expansion or new plant located in each county during the year.

But, of course, not every community or county will get its new plant, and many others will receive more than their proportion. In order to be sure that Nebraska gets its share, and hopefully more, of this expanding and relocating industry there must be a concerted, all-out effort in that direction. This is the job of the Nebraska Economic Development Department.

Organization of the Department

With nearly 20,000 industrial development organizations competing for industry, how does such an organization go about doing an effective job? We feel that effective economic development is a three-phase program. These three phases of the economic development process are community development, research, and promotion. They correspond to the three divisions of the Department shown in the accompanying chart.

The Division of State and Urban Affairs

The initial phase, community development, is important because we feel that in order to attract industry to a community, that community must first be attractive to industry. In our organization the Division of State and Urban Affairs assists Nebraska communities in the area of community development. The functions of this Division can be split broadly into three areas: local planning, state planning, and community development.

Local Planning

The Division's urban planners and community development specialists provide planning advisory services to local governmental bodies. They assist municipal and county governing bodies on the nature, scope, and results to be expected from a program of comprehensive planning. They advise on the establishment of city, village, county, and joint planning commissions; explain the duties, responsibilities, and authority of such commissions; assist in the organization of planning commissions by providing by-laws and explaining operating procedures; and detail the functions of planning commission within the framework of local government.

In addition, department planners conduct "planning reconnaissance studies" to prepare a proposed scope of services for the governmental bodies that are seriously considering the initiation of a comprehensive planning program. The Division also provides follow-up advisory service to those communities now attempting to implement their prepared comprehensive plans.

While this is a continuing program, the Division is faced with rapidly growing demands for services in the area of planning. One reason for this is that most federal programs require a comprehensive plan as a prerequisite for construction grants. Another reason is that communities are gradually realizing that the planning process is a function of local government. The fact that the is, for the first time, a significant number of small and medium-sized Nebraska cities that have comprehensive plans ready for implementation assistance also brings about the growing demands for planning services.

Two other factors causing this demand are a result of new federal requirements for local governmental units.

First, the Federal Urban Planning Assistance Program now requires reconnaissance reports and "continuing professional advisory services" for its applicant communities. Since many Nebraska's smaller governmental units do not have the available resources to meet these requirements, the state must agree to provide such services if it wishes to encourage and continue planning programs in its smaller communities.

Second, the Department has been designated as the agency Nebraska which administers the Urban Planning Assistance (71 U Program of the Federal Department of Housing and Urban Development. Under this program a community can obtain a federal grant of two-thirds of the cost of that community's comprehensive development plan.

State Planning

The overall aim of the state comprehensive planning program is to insure the orderly development of the state's physical and human needs. This is being accomplished by:

A -- assembling and analyzing the pertinent facts on the state
g development conditions and trends, including its problems and potentials;
formulating goals, policies, and programs and bringing to-
for review and mutual adjustment those formulated else-
between the Governor, Legislature, various state departments, her public and private organizations;
preparing and maintaining a comprehensive guide plan, an improvement plan, and capital improvement program;
state;
stimulating, assisting, and coordinating state, federal, re-
and local actions to implement the plan;
planning and assisting in formulation of plans for metro-
areas, or regions, or areas of rapid urbanization, including
ate areas; and
advising and assisting the Governor, Legislature, and other
of the state, local, and federal governmental bodies as
needed.

A comprehensive development plan itself is specifically con-
ded with, at least, the subjects of economic and resource de-
dent, urban and metropolitan development, regional planning, planning, intergovernmental relations, and overall physical
ation of activities within the state.
A program aims to secure full utilization of the available
supply, to minimize seasonal and cyclical fluctuation in em-
ent, to utilize as fully as possible the available local raw
resources, to carry the processing of them as far as fe-
th the establishment of interrelated business and industries,
maintain a favorable balance between the cost of public
es required by industry and business and the income de-
by the state therefrom.

Community Development
Division is increasingly considered to be the clearinghouse
unity development assistance because of its various pro-
and knowledge of other sources for assistance. Most com-
es now look to this agency as the best source of information
on the multitude of federal grant and loan programs the various other public and private sources of assistance.
Department of Economic Development has been designated
Federal-State Relations Coordinator in Nebraska. This
that this Division has been selected as the office which re-
complete information on all federal programs and actions
fect the operations of state departments and local govern-
ment units and is charged with the distribution of this informa-
to the proper state agencies and localities. The scope of this
ation goes beyond that of planning and includes any federal
onal program that has an effect in Nebraska.
Community Improvement Program, structured much like
mer Community Betterment Contest, is designed to reward
Nebraska communities which carry on the best improvement

Examples: The contest has served to recognize commu-
and in other cases has provided the motivation by con-
cerned community leaders could get added interest, plan-
and action in community improvement activities. It has also
l to bring communities into contact with public and private
es which can provide community development advice and
ance. The results have generated inquiries and favorable
nts from around the nation.
operation with other public and private groups and organi-
is, the Division undertakes, upon request, community attitude
surveys. By contacting the citizens of a community, both through
a questionnaire and by personal interview, the program helps a
community understand itself and define possible areas of improve-
ent. Direct programs of improvement can then be undertaken by
the community and its citizen groups. It is not a problem-solving
ype of program, but rather one of problem identification.
The Division of Industrial Development and Promotion

The research function of the Economic Development Department
is the chief concern of the Division of Industrial Research and
Information Service, or IRIS as we call it. Roughly, that division's
job is to stimulate the development of new technologies and put
ology to work in Nebraska.

Two of IRIS' biggest jobs are to identify, through economic and
agricultural research programs, industrial opportunities and ma-
jor areas for industrial development in Nebraska and to admin-
ter the research and development of new, additional, and improved
uses for Nebraska's agricultural products.

These important steps were not overlooked by our predecessor
agency, the Resources Division, but budgetary limitations did not
allow the needed amount of attention to research. The additional
emphasis which we are now able to place on the research function,
as fulfilled by IRIS, is one of the most important advantages which
we now enjoy as a department. Since this phase of our program
is so important, and since it is closely aligned with the Bureau of
Business Research on the University Campus, it will be treated in
greater detail in a future issue of Business in Nebraska.
The Division of Industrial Development and Promotion

The final step in the process is the main function of the Division
of Industrial Development and Promotion. The purpose of this
Division is to collaborate with and assist industrial groups, both
public and private, in developing and expanding new and existing
industry, and in utilizing state resources. More specifically, this
Division has three main objectives: first, to create productive em-
ployment opportunities; second, to improve levels of employment
and income; third, to reduce net outmigration from Nebraska.
The Division will place primary emphasis on prospect develop-
ment, prospect contact, interiocal expansion and assistance
to local industrial development corporations, and economic
intelligence.
Prospect development will be accomplished by advertising, di-
rect mail, and sales letters as a result of publication searches for
prospects. The advertising program carried on by the department
is specifically geared to promote studies and facts developed by
economic research. These ads are placed in national publications
as well as incorporated into exhibits at industrial trade shows,
industrial luncheons, and displays.

The direct mail program includes three to four personal letters sent to a list of approximately 15,000 United States industries. These direct mail letters provide a means for telling industrialists of the economic advantages which Nebraska locations offer. This program has been successful in generating interest by industry, and, as the IRIS Division analyzes and identifies specific types of industry which have a "locational fit" for Nebraska, we will use the direct mail program to contact these types of industry and provide them with pertinent information on their profit potential in Nebraska.

The media advertising, trade shows, and direct mail programs generate inquiries from companies that want additional information. In many cases, these inquiries require that a member of our staff call on the inquiring industrialist. Out-of-state contact is made with those firms which have a potential identified by economic research, which we hope to develop as prospects, or which have indicated an interest in Nebraska through other means. We also make contact with trade associations, consultants, or others with a special knowledge of possible prospect sources.

Trade shows in those areas of industry identified by research as having some potential for Nebraska are attended by members of our staff as well as by other interested persons from around the state. At these shows we have a display booth pointing out the potential of Nebraska for industry and we also contact others displaying at the shows in order to familiarize them with our state.

Even with all the glamour of a brand new industry moving into the state, however, it has always been felt that our first responsibility is to aid existing industry. Only if the existing industry is satisfied with Nebraska can we expect new industry to come in.

Our department serves existing industry by serving as liaison between them and state and local governmental agencies. In addition, a representative from our office calls on existing industry as often as possible, offering services -- largely referral to experts -- on subjects such as finance, labor supply, transportation, market analysis, raw materials, management, etc. We also publish the annual Directory of Manufacturers, listing 2,000 manufacturers, which offers an exposure to prospective customers and a source of contact to services and materials. Nebraska On the March, a regular publication of the department, features illustrated articles about Nebraska industries.

All in all, there are nearly 150 Nebraska communities which have industrial development corporations or committees with which we work closely in such areas as selection and preparation of industrial sites, analysis of available labor supply, utility and transportation studies, proper approach to prospects, etc. Our department also collects current economic data on Nebraska as well as information on other states. This information is available to both the Nebraska community trying to attract industry and the industry interested in Nebraska. We maintain a file of surveys of Nebraska communities that offer the industrial prospect a detailed inventory of the town's potential for industry.

We also maintain close contact with other development groups within the state. Through the Development Council, comprised of professional industrial development people within the state, we work to coordinate services. At the present time we are establishing a Site Evaluation Team within the Council to assist communities in the selection of specific sites. The ownership or control of a site approved by the team will be one of the criteria in the new Community Improvement Program, soon to be introduced through the Division of State and Urban Affairs.

At the same time, we work with the Council on coordinating presentations to prospects and prospect contacts. Any industry development professional, or any community, may call on members of the Council to provide information for a prospect. All work on a given prospect is coordinated through the organization first developing the contact. This prevents duplication of presentations, as well as giving each industrial development group many more resources with which to work. These services and the coordinated effort are also applied to problems of existing industry.

Thus, the function of the Division of Industrial Development and Promotion is that of promoting communities which are preparing for industry and, using the results of economic research, working toward the expansion of existing industry and the establishment of new industry in Nebraska. Industrial development in Nebraska is a team effort, a characteristic not always present in other states. An important segment of this team is the Nebraska Department of Economic Development Committee, an eleven-man board appointed by the Governor to work with the department in an advisory capacity. This group of Nebraska business leaders lends guidance and counsel to department programs.

Through the application of this three-phase economic development process we hope to see a balance of agriculture and industry in Nebraska. Agriculture, always king in Nebraska, will continue to grow. And we feel that increased industrial activity will help to stabilize this agricultural economy. Since a stable, well-balanced economy is a drawing card for industry, we would then hope to see a snowballing effect with agriculture and industry prospering together.

REVIEW


This book was compiled to serve as the text in a new course in Public Finance now required of all students in the College of Business Administration. It is designed to present the vital issues in the field in "non-technical, non-statistical, and non-theoretical" fashion to a "lay audience" of adults as well as students.

There are 61 items in the book ranging in length from 1 to 20 pages, many of which come from sources not readily accessible to most readers. They cover most of the major issues in the field from narrow questions such as the details of establishing a ceiling on taxation in Lincoln to broad matters such as the proper functions of government, principles of taxation, and the basis of economic progress. Their authors present a broad spectrum of viewpoints and include members of Congress, administrative officials of government, editorial writers, and tax study groups, as well as business and academic economists. Several selections were written by Professor Schmidt himself. In addition to covering the major sources of government revenue such as income, sales, and property taxes, the book includes discussions of such other sources as the taxation of gambling, racing, and lotteries.

The volume was reproduced by a photographic process in which each item appears in the form in which it was originally printed which mars the appearance somewhat at first glance but has the virtue of permitting quick, accurate, and economical reproduction of timely material.

Although one might wish for some editorial comment by Dr. Schmidt to tie the different parts together and focus attention on the major issues, the book is a very interesting, useful, and well selected collection of important and significant views on most of the major issues in the public finance area.

E. S. W