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INTRODUCTION

A new approach to regional development is sorely needed in the western states. Tremendous economic and social upheaval currently accompanies dramatic increases in energy production. Without repeating the litany of adjustment problems labeled "the boomtown syndrome," we accept the seriousness of the potential threat posed by energy growth to a viable state economy and community preservation.¹ We think that it is even more severe than the adjustment language suggests--that exploitation of energy resources will inevitably fuel industrial location on rural western sites and undermine other land-based production such as agriculture.

In this paper we contrast three planning approaches to the energy boom, which we call the Reactive, Compensatory, and Territorial strategies. We advocate the third of these as a more comprehensive, fairer and more rational solution. We have applied this approach to the Montana economy, working as best we can with inadequate data and statistics. We chose to work with the Montana case, despite our distance, because the state currently faces large economic planning problems and because the level of political interest and activity seems to be higher in Montana than in other western states confronting similar problems.

In the next ten years, Montanans will decide whether and how to accept industrial growth. The decisions made now to regulate, restrict, or shape development patterns will largely determine the nature of the state's economy for the next half century. Montana does have options. Coal production, associated power generation, and industrial migration are not the only routes. We look pragmatically at the economic opportunities that Montana might pursue. We distinguish between development, which is a process that affects the whole of human life, and growth, which refers more narrowly to increases in output. So-called "coal development" is not development in our sense of the word. Coal is not developed--it is mined. Our investigation limits itself to economic development, for lack of time and expertise. But by economic development we mean the entire set of development features which affect community well-being: decent income, job security, interesting work, healthy working conditions, freedom from environmental degradation, and freedom from forced migration.

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To illustrate the territorial strategy, we use existing data on Montana to construct a state profile that addresses territorial concerns. We caution our readers about the paucity and dangers of using available data. We demonstrate how our use of data corresponds to the important questions we want to answer, which we state explicitly --questions such as: Which sectors provide seasonally stable employment and decent levels of income? We also present a substate profile of the coal-mining region as a prototype of local territorial profiles.

In the final section, we present briefly some elements of territorial development planning that could be pursued in Montana. These are speculative on our part, since we have not had the time to research fully the economic viability of certain new activities or political institutions. We intend them both to illustrate how a territorial strategy would proceed and to prompt further state research into healthy development alternatives.

THREE PLANNING APPROACHES: A CRITICAL REVIEW

The Reactive Approach

Definition of the Problem

The reactive approach is the most prevalent form of regional economic, environmental, and land-use planning. The region and its planners place themselves in the role of gambler, betting on their future prospects with limited information and lack of control over the rules of the development game. Planning becomes a search to hustle funds to foot the costs of expanded public sector infrastructure and services fast enough to outrun the process of growth and its consequences (Edmonds, 1976).

Planners in this case view growth as the result of forces working outside the scope of the planning realm. Growth is initiated by private corporations which require a healthy profit rate as the return for their investment. The reactive planning strategy accepts the logic and appropriateness of capitalist growth, and the inevitability of control over development paths wielded by investors

and their agents: the developers, entrepreneurs, and the corporations.

The problem is therefore not growth itself, nor control of growth, nor the desirability of the products, both environmental and economic, that it produces. Rather, planning should reduce the negative externalities which may occur before and during the growth phase, and during the bust phase which may follow. A region must predict and prepare for these externalities to mitigate adverse impacts before they get out of hand. Predicting impacts becomes the major planning method and impact aid the characteristic planning solution.

Reactive Planning Tools

With reactive planning, predictive techniques are highly prized in the planner's toolkit. Complex socioeconomic models have been developed with public funds to predict the impacts of energy extraction and production at both state and federal levels. Tremendous resources have been devoted to the methodology and preparation of these models.³ Examples are the Boom 1 Model at Los Alamos (Ford, 1976) and the Regional Environmental Assessment Program (REAP) in North Dakota (Leistritz et al., 1978). Each simulates or forecasts population growth, public infrastructure needs, and housing demand for annual periods over the boom cycle. The models take company estimates of labor demand as given. They trace out the behavioral response of immigrants, local businesses, local residents, and local government, producing higher levels of demand for private and public services. The description selects only a limited set of

impacts for scrutiny. It generally does not include social costs, environmental damage, and secondary effects on other sectors. Measurements of displacement and public sector strain are not used to gauge the desirability of a particular development path, which remains fixed, but to estimate adjustment costs. The models thus replicate the reactive philosophy. Their technical complexity also prevents many groups from using or understanding them.

But even if such models were perfected, their scope would be limited. The factors distilled for analysis form such a small part of the mechanics of the entire situation that the real structure of growth and its motive power are lost. These models rely on neo-classical economic analysis which concentrates on factors such as producers, consumers, employers, citizens, and government; but not capital, capitalism, capitalists, corporations, workers, imperialism, the state, private property, social costs, and so on. Modelling captures only one dimension of a complex and active process of social change which is often conflictive. The models also contain a notion of social harmony that puts the planner in the position of "righter of wrongs," and "defender of the public interest," despite the domination of special interests in many cases. By appearing to be descriptive and neutral, such models often substitute for more explicit social and political processes, actively mobilized and carried out by people with interest in so doing.

Reactive Policy

Since the reactive planning approach assumes implicitly that the mode and control of growth cannot and should not be substantively altered, its focus becomes reacting to growth with mopping up operations. The planning problem becomes the "front end financing problem."⁴ The public sector accepts the unusual costs imposed by the private sector development process and searches for financial aid to meet them. The region can handle growth problems by having enough money to pay for adjustment costs. Both the Montana Economic Study (1970) and the U.S. government in its current impact aid efforts embrace reactive financial policies.

The most common measures are development bonds, infrastructure bonds for capital improvement, and impact aid. In each case, taxpayers on the local, state, or federal level compensate local communities and newcomers for growth externalities in the public sector. Such aid subsidizes infrastructure for schools, water supplies, and roads to meet demands for services that corporations will not, or cannot, provide. Politically, this strategy encourages planners to ally with developers to lobby for impact aid from state or federal governments, shifting the costs away from the impacted region and away from the industry causing the problem.

A reactive policy may also try to pick up the pieces of areas after capital abandons a region to its bust phase. This is

accomplished through a variety of social welfare programs, from unemployment insurance to employment training and permanent welfare status. In severe cases, such as Appalachia, special programs may be proposed.

Reactive Planning in Montana

The Montana Economic Study (MES) is a good example of a reactive growth posture (Bureau of Business and Economic Research, 1970). Although written in 1970, it is representative of an uncritical pro-growth posture. The report, in four volumes, undertakes a detailed sector-by-sector look at Montana industry and employment.

The MES employs a functionalist view of economic growth which assumes that all forms of economic activity have the potential to provide significant benefits if only they are properly integrated into the economy as a whole. It does not distinguish among different types of economic activity--big, small, local, multinational--for the purpose of determining benefits, on the basis of the structure and nature of the activity itself. The MES collapses the growth transmission process into a standard "base-multiplier" view, advocating a growth strategy rooted in the incorrect view that industry Montana attracts will necessarily provide a growth feedback effect and generate further benefits.

Although the MES envisions its economic goals as a "sound economy," and a "quality environment," the study reiterates traditional strategies of development that uncritically accept growth

sui generis. While the MES states that Montana may suffer from having its "eggs in the wrong basket," it avoids the obvious lesson that successful development requires not only the attraction of growth-sector industries, but assertion of the right conditions of economic control over the capital investment process.

The neutral and descriptive posture of the MES led to its severe inaccuracy in the 1970s in predicting both the pace and location of growth. By extrapolating past (1950-68) economic performance into the future, it underestimated the growth associated with energy, something analysts of particular sectors could have predicted. While cursory mention was made of the highly irregular causes of Montana's growth rates, this knowledge was not applied in making the 1970-80 forecast. Of greater concern is the omission of spatial consequences in the MES. By discussing sectoral growth separately from regional growth, the study does not capture the uneven growth rates among regions and between rural and urban areas within regions.

In general, we found that most Montanans now talk about development with more sophistication than is mirrored in the reactive approach just discussed. We have reviewed it because it still is the most prevalent form of planning strategy in Western states as a whole, and because it is frequently used as a framework by many corporations and some planners in Montana today. The approach is unsatisfactory because it places the adjustment problem on communities, who have to prove that excessive growth will have negative consequences in order to justify their scramble for impact aid. The reactive posture does

not permit residents of energy-rich areas to shape their future, but rather offers them assistance in patching up some of the results of growth. It cannot handle all the problems of growth, including social dislocation, environmental degradation, and out-migration.

The reactive approach is fundamentally conservative. It obscures the fact that the core activity, e.g., energy production, can be changed, controlled, and manipulated to produce social welfare rather than the community being manipulated to produce profits. It does not address the way energy production is occurring but simply tries to make the negative consequences easier to swallow.

The reactive approach is inequitable. It assists energy companies under the guise of aiding impacted communities. Providing funds for infrastructure simply makes it cheaper and easier to the energy companies to set up operations. Despite the fact that industrial activity is the root of the problem, public funds are used to offset the costs of the developers, while the other consequences to communities are largely neglected. Under the banner of meeting the nation's energy needs, public monies are diverted to the private sector.

Finally, and most importantly, the reactive approach focuses on a single future, energy production, and artificially isolates it from a broader consideration of growth alternatives for Montana. It does not allow consideration of other types or rates of growth, or of potential conflict between different growth paths. Local people are cut off from making choices on how they want their communities

to grow and which way of life they desire. When traditional lifestyles are not compatible with corporate plans, they are assumed to be inefficient or antiquated, and they are relegated to the dusty attic of secondary problems that can be treated by hiring a social worker.

The Compensatory Approach

Definition of the Problem

The second planning strategy we call the compensatory approach. It perceives the problem as the existence of external social costs associated with rapid growth. Planning methods involve the identification of such costs and the design of mechanisms to cope with them. Policies are aimed at compensating the host communities for the external costs of growth.⁵ While the compensatory approach views the task as one of moderating the growth process by identifying adverse features and modifying them through bargaining and compensating mechanisms, limits are established by its very acceptance of growth.

The compensatory approach may focus on one or more sources of adjustment problems (Markusen, 1978c). Since rapid growth is often associated with a boom-and-bust cycle, it may try to smooth out the more disruptive phases. Or growth may be treated as a locational problem. If communities choose where the growth will occur through zoning or siting controls, they can curb the worst externalities. The

compensatory approach may also view the problem of growth as one of risk and advocate adjusting to growth by requiring insurance. Communities may try to secure financial guarantees from growth industries to offset any disruption to the community, present or future. Compensatory plans may include financial arrangements (profit taxes, severance taxes) to mitigate impacts. Thus, in addition to public sector problems, the compensatory approach acknowledges problems stemming from the timing, pace, location, and uncertainty of growth paths.

Tools of the Compensatory Approach

Unlike the reactive approach, the compensatory approach is not as interested in the precise identification of future levels of population and public sector demand. It is interested in several possible futures, including those in which industry agrees to limit its disruptiveness through modification of the production process, environmentally sound location of certain facilities, assumption of risk and/or sharing of the unusual community development costs. Therefore planners are more interested in the design of bargaining arrangements or tax and financial instruments that will enable compensation to occur.

In this case, planning skills in regional planning, political science, public administration, and public finance are valued highly. The planning task becomes the construction and participation in various arrangements, such as informal agreement and negotiation,

formal siting procedures staged at the state level, and tax instruments such as the severance tax and the allocation of its proceeds in accordance with need for compensation.

Compensatory Policies

In general, compensatory planning advocates the establishment of some sort of bargaining or negotiating process prior to energy company expansion. It goes beyond requests for impact aid to involve the company, frequently as an adversary, in the adjustment process. Therefore it achieves partial internalization of social costs back to the private sector causing them. The central policy issue in the compensatory approach is the design of a political process in which interested parties decide what is going to happen and who pays for it. Two examples are the facility siting procedures recently instituted in many Western states and the arrangements, such as the Montana Coal Board, for distribution of severance tax receipts to local governments. In some cases, compensatory planning opposes devices like federal impact aid for fear they will undermine state and local compensatory arrangements.

The compensatory approach has been introduced in those regions where strong opposition to energy production has occurred. Although attractive in theory, this approach has many problems in practice. The selection of participants for the bargaining process predetermines the outcome. Who has a vested interest in the development of coal: The nation, the state, the energy companies, local communities,

different groups within the communities? How many players should participate from each group? The process invests certain groups with power in the very act of setting up the forum.

Even if local interests are not outnumbered at the bargaining table, they often lack the sophistication and the resources to make wise decisions or to swing the benefits their way. The compensatory approach assumes that local representatives will have adequate information and knowledge to counteract the arguments of other actors and to foresee the consequences of final decisions. It is doubtful that many rural communities, although Montana's are better equipped than most, will have the time, money, or personnel to match the resources of energy companies. Also, most of the information is only available from one of the participants--the energy companies--and is released at their discretion. Thus, the compensatory model places the conflict over development in an arena where professional and financial resources are the most important but least likely to be available to local residents. It is faintly reminiscent of the manner in which the U.S. drew up peace treaties with the Native Americans.

Third, the compensatory approach correlates political bargaining power with economic stature. Poorer states and communities may be willing or compelled to bargain away certain amenities (clean air, good health, a rural lifestyle) in order to obtain jobs. Certain communities will be forced to bargain cheaply because they are poor, while more affluent or economically diverse communities will be able to obtain ampler compensation in the forms of more tax revenues,

slower rates of growth, more health centers, and so forth. The compensatory model may be attractive in theory but inequitable in practice. It tries to replicate a market in the public sector where entry privileges are bought and sold. But in reality it replaces egalitarian political resources with unequal economic ones.

Finally, and most importantly, the compensatory model skews the focus of planning from providing for the welfare of the community to modifying the growth process and its impacts. The two are not identical. Energy production is assumed to be inevitable and the question becomes one of adjustment and optimizing benefits.

Even if no growth is a possibility, this approach treats one sector in isolation from other development possibilities. For instance, factors other than jobs contribute to the overall welfare of a community. If the point of the bargaining process is to ensure an acceptable living environment, then certain ground rules over what is or is not permissible should be established. Baseline community rights, like civil rights or the right to vote, should not be subject to bargaining.

The Compensatory Approach: A Montana Example

The Montana Energy Policy (MEP) is an example of a compensatory approach to growth at the state level (Montana Energy Advisory Council, 1977). The MEP proposes a state energy policy that includes measures to mitigate the disruption that accompanies the process. The MEP embraces three goals: (a) to ensure a supply of energy

adequate to provide a quality of life for the present and future generations in Montana, (b) to meet Montana's responsibility to provide energy to the nation, and (c) to institute and maintain controls over energy development sufficient to assure the preservation of a unique environment (Montana Energy Advisory Council, 1977, p. 2).

The assurance of an adequate energy supply for Montana is a reasonable objective for a state-level energy policy. However, the MEP, consistent with the compensatory approach, sways the focus of the policy away from the assurance of an adequate energy supply to the goal of modifying the growth process of energy extraction and its impacts. The policy isolates the considerations of local energy needs from national energy requirements; the policy doesn't take into account overall energy production, costs, operations, supply and demand. Instead, the MEP myopically deals with impacts on a categorical basis.

The Montana Energy Policy weaves its discussion around the following components: energy conservation, public participation, energy data and analysis, siting of energy facilities, energy extraction, and energy conversion. Each is discussed from a compensatory perspective. For instance, the MEP discusses the need to conserve energy within Montana, through mandatory measures. While a commendable goal, this objective loses sight of the fact that it is energy use in the rest of the nation which is the source of demand for Montana energy resources. The real adversaries in energy conservation are the increasingly energy-intensive forms of industrial

production and private ownership and monopoly of energy resources. Since these features of the energy sector are not Montana-based, they are absent from the discussion even though they profoundly affect Montana energy development.

MEP's treatment of public participation is another example of problems with a compensatory approach. Public participation is conceived of as increasing information. The policy leaves responsibility to professional expertise, treating local residents as recipients of information rather than as formulators or initiators of information. This appears to us to raise questions of truly democratic participation in public sector management of the growth process.

Montana currently employs several compensatory devices. The severance tax is a state-level mechanism which compensates local communities for some of their social costs through impact aid related to need. The facility siting process tries to direct growth to the least disruptive locations and to force companies to compensate and insure communities against extraordinary costs. Both of these mechanisms suffer from the information, political access, and necessity problems raised above. They also reduce the issue to a single case of growth and prevent a more comprehensive consideration of development futures.

The Territorial Approach

A territorial strategy constitutes an alternative approach for state and local planning. Unlike the two previous approaches, it is

not a plan for providing impact aid or for developing a bargaining process. We dub it the territorial approach, following Friedmann and Weaver (1978), because it emphasizes a comprehensive local and regional view of the development process. The territorial approach poses more questions than it can answer, but the questions it raises are different from those of the other strategies. Consequently, we hope it will stimulate new ways of thinking about growth and development.

Definition of the Problem

The territorial approach differs both in how it defines the "problem" (and its solution) and whom it perceives as its constituency. The reactive and compensatory approaches define the problem as "coal extraction and its impacts" and their constituencies include a variety of separate "clients": the energy users of the United States, job seekers in Montana, the investors and management of the energy companies, new workers in coal counties, etc. In contrast, the territorial posture tries to understand the complete fabric of people's lives within an area and identify their needs and resources. Cultural values, local lifestyles, and political processes are equally important elements in the analysis. It then advocates a development program which emphasizes a wide array of economic possibilities, including control over the economic process itself, and views critically some forms of growth. Tradeoffs between quality of life and growth are explicitly examined. The territorial approach places

energy production within the framework of community life rather than vice versa.

As such, it is not so concerned with predicting and mitigating the impacts of energy development, as it is with understanding why certain problems occur. The territorial analysis begins by looking beyond the community to outside political and economic interrelationships to discern the basic dynamics of regional development. In the case of development in places like Montana, the nature of capital mobility is at the heart of a territorial regional analysis and policy. Capital moves for a variety of reasons: to be close to resources necessary for production (coal, water); to exploit cheap labor; to avoid restrictive environmental regulation; and to take advantage of subsidies offered by federal, state, and local government. Any or all of these factors can offer capital a comparative advantage in a particular location.

Since capital is increasingly invested in capital-intensive production processes, its movement has been characterized by large-scale and rapid growth with attendant problems. These include environmental disruptions, social upheaval as communities try to deal with an influx of new residents, and the abandonment of fixed capital and other established social investments. Since capital only moves to serve its own needs, it tends to bypass certain regions, which must then compete for the "blessing" of capital investment. In other regions, it arrives with little regard for its deleterious effects on other community members.

Government efforts to stimulate investment, channel investment into certain regions, or prevent capital flight have become the focus of urban and regional economic planning. However, these political efforts to channel capital mobility have been ambiguous and ineffectual. In many cases, they have simply subsidized profit levels. Community residents and workers are still forced to make tradeoffs between their human and community needs for a less than ideal form of economic growth. In other cases, government policy has stimulated rather than controlled the pattern of capital mobility. For example, government policies for highway construction, housing finance, and public works are at least partially responsible for capital shifts from inner cities to suburban and from the frostbelt to the sunbelt.

Tools of the Territorial Approach

If the central planning problem is control over capital mobility, the issue is not lessening the negative effects of some unknown future but deciding what that future should be. Under the territorial approach, the community at both state and local levels depart from the notion that economic development is something that happens to its people. Rather, the community considers a stream of reasonable options, of which energy production, for example, is only one alternative future. As such, the territorial approach has no specific methodological tools or solutions, such as modeling or impact aid, to apply to the coal problem. Instead, the approach consists of a set of questions people can use to structure an overall development plan. For states like Montana and their boomtown communities, the

development problem lies in the conditions surrounding decisions for growth and production. The solution becomes how to gain control over these conditions and how to shape the decisions in order to conform to community needs.

The point of the territorial approach is not to examine the impacts of energy extraction in isolation, but to investigate it in the broader context of land management, resource ownership, and political power. It draws on skills in political economy, law, and sociology. It asks what futures are possible given these resources and technologies, and judges each against a criterion of community welfare, itself a project of the territorial approach. Territorial self-development is limited by who has possession of these resources, although possession itself can be changed by policy. For example, the federal government owns much land in Montana which it leases and dispenses to energy companies without consulting the state or its residents. If local people could play a greater role in land disposal (e.g., more citizen participation, a local land "lease" tax), then they would be able to assert more control over the development future.

Second, the territorial approach rejects the notion of market simulation as the only tool for economic planning. It recognizes that crucial information can be monopolized and, more importantly, may not be measurable. Certain community resources, such as the rural lifestyle or strong neighborhood support networks, do not have "market" values, cannot be assigned them, and therefore cannot be

included in a traditional cost-benefit analysis. Consequently, market simulation and compensation schemes cannot easily protect these features from degradation. Also, much of the community's wealth may lie in the production of "use value"--goods and services that satisfy human needs and are available for use without the intermediary of money. For example, many residents are homemakers; others trade services with each other rather than purchase them outright. Thus, under the bargaining approach, certain alternative futures drop out of consideration because there is no way to calculate the worth of certain "chips." Only assurance of community participation and power in the process will guarantee the inclusion of these values.

Finally, the territorial approach takes a broader, longer-range view of local development. It questions, for instance, the benefits of rapid coal production by contrasting it with other futures: What kinds of jobs would be created (permanent or temporary, part-time or full-time, well or poorly paid) and for whom? How does this compare to the type of employment that would characterize competing development paths, such as agriculture? Is development of renewable resources more desirable than that of nonrenewable resources?

This longer-range approach also reinterprets the notion of economic "efficiency"--making the best use of scarce resources for the greatest good. If the relevant time frame is determined by the lifespan of the community rather than that of the coal, then the standard of efficiency changes. Decentralized and less capital-intensive technologies, slower rates of growth, public ownership

and production of coal, the use of renewable resources, and energy conservation may be the preferred and efficient development processes.

Territorial Policies and Tasks

In sum, the territorial approach asserts the priority of community stakes in the ownership, disposal, and development of local resources. This does not mean that U.S. citizens as a whole do not have a stake in the undertaking. Although there will always be some tension between the particular and the general good, the parties can usually resolve their interests through a reasonable give and take. However, currently federal energy policy leans toward subsidizing energy production rather than supporting local self-determination and development rights. Given this bias, we suggest that the best way to strengthen the territorial economy is primarily by strengthening territorial power.

Under this approach, state and local planning becomes a broad set of initiatives to control development and propose alternatives--not just strategies for compensation or bargaining. Montanans can use the existing tools, such as facility siting and severance taxes, or the other strategies but for a different purpose: to create a healthy regional economy, not to mitigate impacts. This means consciously developing the territorial economy internally insofar as possible and at a pace and mix to meet local needs. It means managing communal resources so that they are not appropriated for private gain or accumulated by those with a privileged access to power.

It means designing political and economic institutions to assure full participation of all Montanans in the use and disposal of their community space.

There are, of course, dangers to the territorial approach, in particular that of parochialism. The territorial approach emphasizes community self-help, but does not tackle the relationship of the region to the national system. I cannot specify which questions need to be answered in the national rather than the territorial context. Furthermore, it is not precise. It cannot pinpoint any one particular method for controlling the flow of capital or the development of its own resources. Also, the territorial approach can be vulnerable to capture by powerful interests within the community, which can use territorial strategies to retain their privileges rather than develop communal benefits; however, this problem is inherent in all arrangements in a democratic system with unequal distribution of economic power.

These problems are not necessarily insoluble. To offset parochialism, two regions could develop a combined territorial strategy that would support their mutual interests: For example, Montanans desire slow coal production and growth, while residents of Appalachia would like to develop their coal more rapidly and steadily. Finally, specificity is not necessarily desirable, since each community of people will have to "tune" the territorial strategies to meet their own needs.

The territorial approach does not represent an idealistic and unobtainable vision of society; rather, it reflects current political

trends in Montana. In the past few years, several citizens' organizations, composed of ranchers and other concerned interest groups, have formed in Montana to question the prevalent pattern of economic development. Groups such as the Northern Great Plains Resources Council have analyzed the impacts of coal extraction and energy production, are opposing current development patterns, and seek new directions. Montana has a variety of political units--state, county, and local governments--which can use different policy tools to achieve both their individual and collective goals. Finally, the state's allocation of severance tax funds to alternative energy and resource development programs signals a willingness and a means to tackle development as a holistic process. Thus, Montana already has the will for a viable territorial strategy. The next step is the design of new political and economic institutions to pursue it.

The Territorial Approach: Montana Examples

Our enthusiasm for the territorial position grows from our observation that it seems to mirror current thinking in Montana about growth and development. We found two documents that seemed to embrace at least some territorial notions: the Montana Growth Policy (January 1977) and Projections of Economic Development Associated with Coal-Related Activity in Montana (Polzin, January 1974). The first is a broad policy document dealing with the state as a whole, while the second is a more localized and detailed analysis of the seven counties in which coal production is projected to occur.

The Montana Growth Policy: A State-Level Analysis. This short statement touches on many of the controversial issues associated with energy production with unusual frankness. It begins by acknowledging the potential for conflict, since tradeoffs will be necessary as the state makes choices about how it wants to develop. It states very bluntly that as Montana begins to chart its economic future, "the basic question is really one of what is desired for whom" (p. 44). It also recognizes certain fundamental conditions that may limit self-determination: "Unlike federal government, state government does not possess the policy and programming tools necessary to effect short-term changes in its economy" (p. 44). Thus, state policies are properly and more effectively dedicated toward shaping long-term conditions.

In recognizing the longer time frame, the state implies that its strategies must consider other factors than simply stimulating growth. These other considerations are expressed as comprehensive goals which include (a) creating jobs at a rate which both provides employment for Montanans, but also preserved the quality of life; (b) directing growth toward areas designated by the state with the approval of those who live there; (c) rebuilding communities that have stagnated as a result of resource depletion; and (d) examining new industries for their potential to provide jobs for existing workers. In addition, the policy statement points out that tax incentives and other programs have a minimal effect on plant location and that resource availability is the more crucial factor. This

seems to imply that Montana recognizes that the key to state influence in economic development is control over these resources.

The growth policy then goes on to analyze briefly the state's "realistic development opportunities" in terms of agriculture, energy, the environment, and population growth. In its assessments, the document examines possible dilemmas associated with each sector. The summary of the growth policy indicates that the state is clearly beginning to think about development issues in a new light, and is trying to grapple with some of their thornier problems. This fresh approach could be modified and expanded to encompass fully a territorial strategy. However, this document falls short.

First, despite its attempts to define self-determination in a "broader context" of many sources of energy and many types of growth, the policy still conceives of the problem as controlling coal production and its attendant growth effects. As we try to point out in the following section, coal may not be the key variable by which to analyze the state's development potential. Coal production has raised a lot of commotion, diverting attention from the real problems confronting Montana's economy. Second, as we have previously noted, focusing on energy production diverts the analysis away from its real objective: how to achieve community self-determination and well-being.

Finally, although the growth policy mentions that the essential issue is conflict between goals, it skirts the even more crucial problem of conflict resolution. In its concluding section, the growth policy states that many judgments will inevitably be subjective and

that Montana must sort out its "values" to achieve the proper "balance." This implies that through wise and careful planning, Montana will be able to analyze the costs and benefits of its development options and convert problems to opportunities.

It may be worthwhile to examine critically this concept of balance and harmonious resolution of conflicts through planning. As state government strives to reconcile diverse factional interests, it resorts to the ideal of a harmony or balance in society, achieved by planning. This balance is needed to reduce civil strife and to maintain the requisite conditions for steady economic growth, which in turn is necessary to perpetuate the existing social order. The problem is that this existing social order may in itself be "unbalanced." Certain groups do not have access to economic resources and political power, while other groups exercise more leverage in crucial decisions. The historical domination of Montana's politics by Anaconda is a case in point.

This is not to say that all planning merely defends the status quo. The whole tradition of planning is progressive because it is committed to such ideals as "righting wrongs," "correcting imbalances," or "defending the public interest." This progressive stance is limited, however, because it defines the public good within the framework of the existing social order. But, since political power is unevenly distributed, decisions about planning development will also be biased. A territorial approach tries to confront the existence of conflict head on.

Projections of Economic Development Associated with Coal-Related Activity in Montana: A Local Level Analysis. This report (Polzin, 1974) begins by analyzing data on population, employment, and income for current residents in a 7-county area in southeastern Montana, where coal extraction is expected to occur. The study then examines the economic changes occasioned by three different scenarios of coal production; these projected changes are also discussed in terms of coal-related employment (direct and indirect), income, and migration. In addition, the report deals with such issues as economic stability and income distribution.

This development study is commendable because it examines in detail the economic situation of a particular subregion within Montana (even including such frequently overlooked factors as the plight of the Indian population). This "fine-tuned" analysis is important to a territorial strategy because it can help to differentiate between the needs of the subregion and the state as a whole. These two may not always be in accordance, and it is necessary to point out potential conflicts before the state or the subregion embarks on their development policies. Although this report does not perform this type of analysis, other policymakers might be able to use the data for this purpose.

Although the report may be useful in theory, it nevertheless suffers from many flaws which render it unsuitable as an example of territorial analysis. These flaws are typical to traditional economic studies and include (to name but a few):

- Income and employment levels are the only measures of well-being. Reliance on these indicators tends to paint a one-sided picture of a depressed area in desperate need of growth. More data are necessary for a complete profile: For instance, information on wage levels, seasonality of employment, health and education of residents, and environmental quality would also be useful. Furthermore, the area data is only compared to national averages, obscuring the relation of the counties to the state. Are the economic problems particular to the seven counties or endemic to the state as a whole?

- More important, the report only analyzes the benefits of development but never examines its negative effects, such as social dislocation caused by migration and their accompanying costs.

- Employment increases are founded upon two unsubstantiated assumptions: that the national demand for energy will continue to grow at a steady rate through the year 2000 (and therefore discounting the impacts of energy conservation); that coal gasification technology will be on line by 1985.

- Coal-related employment is assumed to provide benefits because it offers high wages whether or not the jobs go to local residents, it provides stable and long-term employment, or it affects local inflation.

- Low-paid and part-time service jobs are considered to be "well-suited" for the "surplus" and "underemployed" segments of the labor force, such as the females and young people in the Indian tribes (p. 25). Obviously, these jobs are appropriate because no

one else will take them, not because they will raise the economic status of these people.

It is apparent even from this brief list that this study is not concerned with the welfare of the communities but rather with the condition of economic development in the area. The report assumes that enhancing the latter leads to the betterment of the former, yet the actual linkages between economic development and community well-being are not made explicit. Also, the report never tries to explain why the subregion is economically distressed in the first place. Consequently, this 7-county profile is inadequate as a tool for territorial analysis and for developing territorial strategies. It does not give us a complete picture of local needs, and it presents data in such a manner that coal production becomes the only means available to climb the economic ladder. Thus, the report's myopic vision and foreclosure of alternatives make it a model for what not to do in the future.

MONTANA TERRITORIAL PROFILES

In this section, we sketch out a statistical profile of the state and local economy useful for a territorial strategy. What we present is only a first attempt at projecting a different descriptive vision of Montana and its communities. We have not gathered additional data, nor developed an accounting system for doing so. We have taken existing information, readily available from published reports and state planning documents. We use it to answer different

questions and to structure a different image of Montana's potential for development.

The Use of Data

Traditional regional economic analysis begins and ends with data. Its approach is basically positivist, relying heavily on the collection and arrangement of economic indicators to solve problems. Such an analysis presumes information to be a scarce resource. Many social scientists behave as if the generation of more data perfects the human condition, by increasing our understanding of society and bringing us closer to the truth.⁶ Hence, they argue for increasingly sophisticated techniques to produce and analyze empirical knowledge. A typical policy recommendation for any public problem champions a better data collection and analysis operation, without specifying the content and worth of the data.

There are several problems with making policy analysis so reliant on the use of data. A heavy emphasis on data often results in an overabundance of description, with little interpretation. There may be insufficient initial questioning of the purpose of this description. Data are assumed to be the "pure and simple" truth--a value-free phenomena. Yet, if one examines traditional economic analyses with a "territorial lens," one discovers many values and assumptions beneath the numerical surface. We found this to be the case over and over again in our survey of previous Montana studies.

Excessive use of "indicators" occurs only when people are not in control of their own futures and must collect data on themselves

in order to discern their situation--in short, a condition of alienation. If people cannot understand their own experience unless it is recast in a certain methodological form, then they cannot determine their fates since both the information and the framework with which to analyze it come from outside. For instance, information on phenomena like Montana's unemployment is presented in isolation from its global links and is frequently made to appear the result of personal inadequacies of Montana people (e.g., insufficient education).

Data often obscure conflict by appearing to be hard and factual. However, the selection of categories and items for analysis predetermines the vision presented. The Montana Economic Study makes such a strong case for the depressed condition of the state's economy, that no future other than "no growth" appears likely. Despite its advocacy of a growth scenario, the study nowhere inquires into the stability of new jobs created, whether they would be available to local residents, and whether or not one type of growth (e.g., coal-production) would harm other sectors, etc. Data could be collected on these dimensions of growth.

Disagreements or conflicts of interest can also be obscured by the data. Data are not, as is frequently implied, purely objective or scientific, but are subject to ideologies (i.e., growth is good) and colored by material interests. Unfortunately, much economic analysis is presented as if it follows "naturally" from the indicators. It fails to acknowledge the string of assumptions and values implicit in the framework underlying the selection of data. Thus,

it pretends that subjectively chosen data are synonymous with the "truth," when in fact they represent only one perspective. The more we examined past and current Montana studies and reports, the more we found data selected to present a certain point of view. And none of these studies was able to predict the future very accurately, though they may have provided fuel for the pursuit of special interests at the time. We suspect that much data is used to convince and persuade, rather than inform.

For these reasons, the territorial approach employs data for defined purposes. In the following section, we use data not for their own sake but to illustrate our notions of important territorial issues. We are not content with the form of data and have tried to indicate their inadequacies and gaps. Also, due to time restrictions, we have focused only on standard economic indicators, although we recognize that a better developed territorial analysis will consider other important factors, such as environmental quality and cultural values. Before developing the territorial profile, we wish to make explicit the questions underlying our analytic approach. This serves not only to clarify the values underpinning the territorial outlook but also to give direction to alternative development strategies.

The Territorial Inquiry

As we have tried to indicate, the territorial approach differs from preceding analytical techniques both in its complexity and in its

normative point of view. While traditional methods have only one measure of well-being--economic growth--the territorial approach tries to respond to a complex set of human needs, met or unmet by growth. The territorial posture is not as concerned with what is happening but rather with what should be happening and how to achieve it. In addition, territorial inquiry tries to distinguish between questions of state and local import because the same answers may not apply to both.

At both the state and local level, the questions Montanans ask about the territorial viability of their economic development patterns are different from those catalogued in previous studies. Our list flows from sociological studies, public documents, statements from local interest groups, and conversations with Montanans. The explicit values they emphasize are adequate income as well as security, a high quality environment, some measure of self-determination and independence, good working conditions, and so on. We have converted these values into a series of statistical questions:

1. What are the employment patterns by industry for each county in the region for the years 1950, 1960, 1970, and each year since then? This tells us what the major employing industries are and how volatile they have been over the long run (anually) and short run (seasonally).
2. What are the occupational categories of workers in each industry for each county, over similar time periods? This tells us what kinds of jobs each industry provides (skilled vs. unskilled) and shows how stable those occupational structures are over time. It would reveal changes in the type of labor in a particular industry, in cases where the total employment might remain the same but nature of work changes (e.g., mechanization).

3. What are the average earnings of wage rates for each occupation, for each industry, for each county, over time? This shows us which industries pay relatively high wages, which occupations have high wages, and how these may have changed over time. Both annual and hourly earnings are important because they suggest how steady and lucrative work is.
4. What are the unemployment rates for each industry, and for which occupations by both month and year in the recent period, for each county? This data would indicate the seasonal availability of work in different sectors and for different groups of workers.
5. What are the recent patterns of migration both gross and net, for each county? What are the characteristics of successful immigrants and outmigrants? This will tell us who seems to be finding economic opportunities locally, with the expansion or contraction of different sectors.
6. What new businesses have arrived recently and how many local people, as a percentage of the total, have they employed? How many new workers have migrated in expressly to work for the new businesses? These pieces of information will tell us more about the actual employment opportunities associated with development.
7. Which industrial sectors appear to be losing jobs when others are gaining? Can competition for resources be implied by this correlation?
8. Which locations, rural or urban, appear to be gaining the more desirable (steady, high-paying) jobs from growth in production in different sectors?

Given the current methods of assembling information, we shall not be able to answer all of these questions. However, these gaps could be filled in the future with a simple reorganization of data and little additional data collection.

Statistical answers to questions of economic structure and sufficiency prepare us for thinking territorially. The discussion of a new sector, such as coal, can then be framed in an overall conception

of development. We can demonstrate this with the coal case. Coal is unquestionably a major reason why Montana's development is the subject of much current study. Yet, before clothing Montana in the usual boomtown attire, we can address the following questions at the state level:

Is coal really a major boom phenomenon? Recent statistics in employment directly and indirectly associated with coal production suggest that the real impact in terms of additional jobs is not nearly as great as anticipated. The major impacts, in fact, may be in competing sectors like agriculture. In the long run, a coal bust may follow the boom that may be more severe than the description caused by growth.

Since spatially coal's main competitor for land and water resources is agriculture, what is the potential of the agricultural sector? Perhaps coal and agriculture should not be permitted to compete because coal's future is relatively short run and may undermine the long-run viability of agriculture. Also, if the sectors like food processing which spin off from agriculture are tallied up as agricultural production, how important does farm-based production really loom?

What are the secondary industries that could be spun off of coal and agriculture? Do they represent significantly different future? Are they complementary or competitors?

What are the growth sectors in the Montana economy and where are they located? Is it possible that the state as a whole as well as its various regions could be healthy with or without coal production in the southeast corner?

Should coal be the focus of analysis for a development strategy for Montana, or is it a distraction from the real problems confronting Montana's economy? This analysis could revolve around the following question: If coal is more of a burden than a benefit to Montana, who is benefiting? The nation? The energy companies?

It is not enough to argue whether rapid coal production is good or bad. A territorial development strategy attempts to discuss and substantiate with quantitative and qualitative data two main questions: What alternative development futures other than coal-based growth are feasible and acceptable for Montana? If coal is an attractive alternative, what type of coal-based development is good or how can it be manipulated to be good for Montana?

A Local Profile: Southeastern Montana

The purpose of the following local profile is to provide an example of how communities can begin to think territorially. The profile describes that part of Montana which is targeted for coal-based development. Territorial analysis by its definition must encompass local-level analysis because it is premised on the rights of communities to own, dispose of, and develop their resources (economic and

human) as they see fit and because it attempts to identify the particular area's needs in the context of the state's economy.

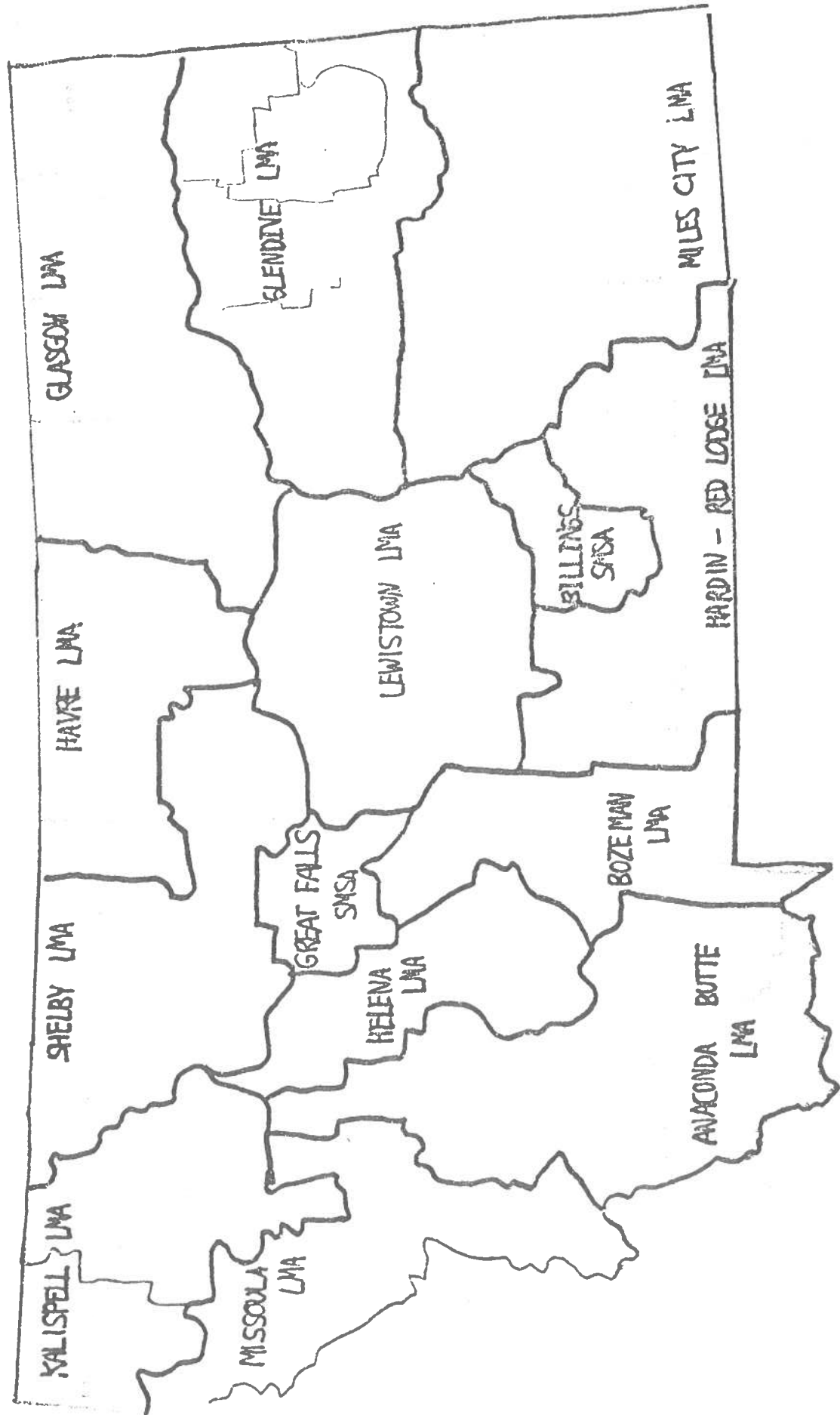
Defining Regional Units

The first step is to delineate substate regions. This poses a significant problem because existing regional definitions are not adequate from a territorial perspective. Existing regional units are cordoned off according to such factors as the presence of an urban node or common economic characteristics. Two regional groupings have been used in Montana:

- Labor Market Areas are used by the Montana Employment Security Division. These 14 areas are useful because they correspond to federal government data bases. They segregate Montana's two SMSAs from other labor market areas. From a territorial perspective, cordoning off SMSAs could obscure the links between the hinterlands and urban centers. For example, many temporary construction workers may live in Big Horn or Rosebud counties, but purchase many of their goods and services in the Billings SMSA (Figure 1).
- Montana Economic Regions are defined by the Montana Economic Study. These six regions are based on what the MES describes as common economic characteristics within a region which are distinct from other regions. The MES does not present data other than population and employment figures (Figure 2).

In choosing regional units for analytical purposes we want to replicate as closely as possible the territorial identification of people, which is related to the axes of economic activity as well as to people's subjective perceptions. We also have to acknowledge the importance of existing political boundaries, particularly counties, since administrative structures and information are based on these

Figure 1
LABOR MARKET AREAS IN MONTANA



Source: Montana Employment and Labor Force, March 1978.

delineations. A related problem is the treatment of Indian lands, which, from the local and legal point of view are separate entities, but which in current data sources are not distinguishable. In what follows, we draw from county data to construct our regional profile.

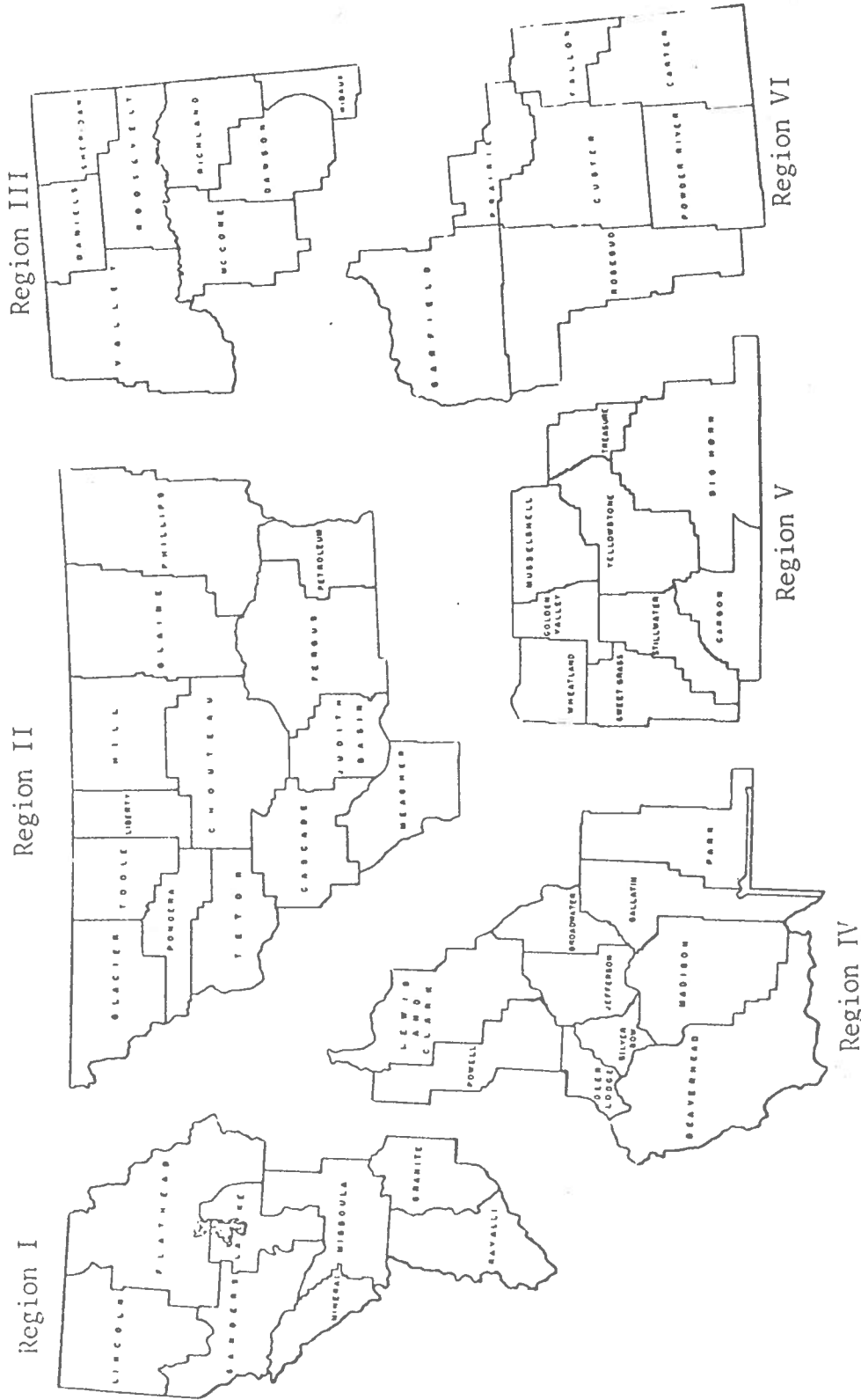
The unit of analysis is Southeastern Montana, consisting of seven impact-area counties: Big Horn, Custer, Musselshell, Powder River, Rosebud, Treasure, Yellowstone, and the Billings SMSA (Figure 3). Three of the seven--Big Horn, Powder River, and Rosebud--have been singled out for special attention because they contain the most likely sites for new mines and processing facilities. These counties have been earmarked as the three-county primary impact area, following Polzin (1974, p. 15).

The selection of southeastern Montana as a regional unit is especially appropriate from a territorial perspective. This southeastern region does not fit neatly into existing data regions; in fact, the counties overlap several Labor Market Areas (LMAs) and Montana Economic Regions. Nor does this region form an existing political unit. However, it does meet a basic territorial criterion: due to the impact of coal on their lives, local people are questioning the projected economic growth and development futures, are coveting their cultural values and local lifestyles, and are examining their economic alternatives.

The analysis works with existing data, with much splicing and guesswork. The meagerness and inappropriateness of existing data on regional and county levels illustrate the problems with current

Figure 2

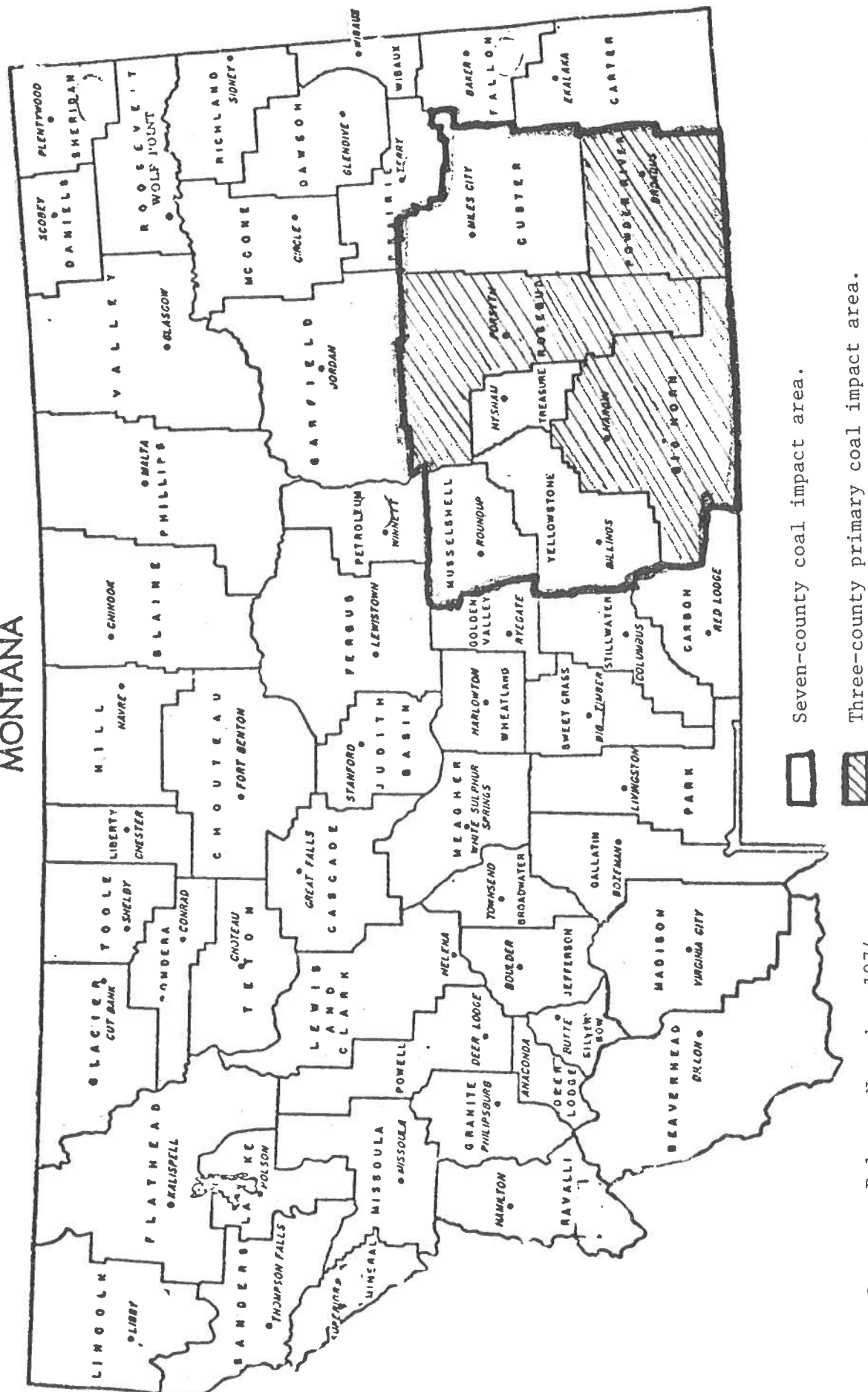
MONTANA ECONOMIC REGIONS



Source: Montana Department of Planning and Economic Development,
Montana Economic Study (Vol. 1), p. 125.

Figure 3

MONTANA



Source: Polzen, November 1974.

sources and argues for different kinds of data collection. For instance, data do not exist for industry employment by county and for occupation by industry and by county. Despite these data limitations, the analysis crudely sketches the current economy and features of alternative development patterns.

Wage/Earnings Distribution

Local wage rates for occupational categories are available for counties for the current period. Wage data reveal that across the various occupations in three county primary impact areas, there are significant disparities. For selected occupations, wage disparities in the three county area are as shown in Table 1.

Table 1

Prevailing Local Wage Rates, Selected Occupations, 1977

Billings/Rosebud/Big Horn		
Ranch workers	\$ 2.05	N/U*
Sales clerk	2.71	N/U
Typist/stenographer	2.88	N/U
Waitress	2.15	N/U
Foreman, electrician	12.57	U**
Sheet metal workers	10.91	U
Welder	10.91	U
Truckers	7.91	U
Miners	8.04	U
Machine operators	7.70	U

Source: Employment Security Division. Prevailing Wages for Montana Workers by Occupations, 1977.

*N/U = Non-unionized occupational category.

**U = Unionized occupational category.

This data reveals that lower wage levels occur in farming and service occupations (excluding proprietor-owned farms), while higher wages are in the machine trades and structural work. It is interesting to note that these occupations are unionized and therefore linked to state and national wage levels. These wage disparities may also be attributable to coal-related occupations. In this case, the high moving costs of migrant labor, local inflation in boomtowns, and the proportion of such jobs going to outsiders may temper the desirability of such seemingly lucrative jobs. In contrast, the more permanent agricultural sector does not offer favorable wages to non-owners. However, "in-kind" income and farm proprietor income may be quite substantial, and the data indicates that farm families experience lesser disparities in income and lower poverty rates than the non-farm population. The service sector jobs are also apparently stimulated by coal production, but people holding service jobs are generally not unionized, and therefore tend to be low-paid.

Employment Stability

Unemployment by season for Southwestern Montana by LMA provides a preliminary indicator of seasonal job stability. Peak and trough unemployment by season for the Billings LMA indicate that seasonality is severe even for this urbanized area (Table 2).

Table 2
Seasonal Unemployment Extremes, 1978

	<u>Billings SMSA</u>	<u>Miles City</u>	<u>Hardin-Red Lodge</u>
January	6.5	7.1	8.5
June	4.2	4.1	4.1
September	3.9	3.4	4.5

Source: Employment Security Division, Montana Employment and Labor Force, March 1978.

Rates for the two LMAs with coal development (Miles City LMA which contains Big Horn County and Hardin-Red Lodge LMA which contains Rosebud County) indicate that unemployment in the winter months may be 100% higher than in summer months due to the construction and agricultural cycles.

New Business Formations

New business formations are one of the leading gauges of economic activity within the county and labor market area. According to the Montana Labor Market Review, new business formations showed a positive trend in the coal impact area. For instance, in the Hardin-Red Lodge LMA the 1977 total reached 102, up 9 percent from last year's figure of 90 (p. 63). In contrast, a total of 781 new businesses entered the Billings SMSA during 1977, which represents a gain of 33% from the 1976 total of 583 (p. 53).

These figures suggest that while overall growth is taking place within the region, the most dramatic growth is taking place in the city, i.e., the Billings SMSA. On the state level, most new

corporations and businesses in Montana by industry were in the service (29.3%) and wholesale and retail trade (29.3%) sectors. FIRE (finance, insurance, and real estate) (+33%) and manufacturing (+42%) also showed dramatic changes over last year's total. Each of these industries is usually urban-based and it is not unreasonable to assume that some of this growth is associated with the Billings SMSA and its link to the "coal belt." This evidence of new business formation underscores coal production's creation of indirect jobs in the secondary and tertiary sectors. However, an up-to-date input-output table would be required to ascertain the precise links between new urban jobs and the basic sectors.

Employment and Labor Force Growth

Data by county on the growth in employment and the labor force provide some idea of how much local labor force participation has occurred along with job expansion (Table 3).

Table 3

Employment and Civilian Labor Force (thousands),
1950-1978

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1978</u>
<u>3-County area</u>				
Employment	6.4	5.9	6.6	9.1
Civilian labor force	-	-	6.8	9.9
<u>7-County area</u>				
Employment	35.3	42.0	46.3	63.8
Civilian labor force	-	-	48.3	66.7

Sources: Polzin, P. E. Water Use and Coal Development in Eastern Montana, November 1974. (Table 2.4, p. 25)

Employment Security Division, Department of Labor and Industry. Montana Employment and Labor Force, March 1978. (Table 9, p. 26)

The data reveal that the labor force through both in-migration and natural increase, but mostly the former, has grown more than the number of jobs in the past eight years. Therefore, more people are unemployed now than previously. The increase in production activity stimulates in-migration that prevents absorption of the locally unemployed. Unemployment is increasing (especially in the three-county primary impact area) despite creation of new jobs. In addition, in-migration--either temporary or permanent--may be the source of frictional problems such as housing shortages and inadequate sewer facilities in the host community, which our data do not capture.

A Statewide Profile

This descriptive analysis is meant to determine what kind of economic growth is occurring in Montana, from a perspective that asks whether or not this activity meets human needs. We have defined the process of "development" to connote a specific type of economic growth which preserves certain positive values, thus distinguishing between growth and development. We have assembled as much data as possible on the sectoral virtues and vices of the Montana economy, and each is described in turn below.

Mining, Construction, and Transportation/Utilities

The energy crisis generated the pressure to increase coal production, making it a growing sector of the Montana economy. Between 1970 and 1977, employment in the mining of coal and the manufacturing of petroleum and coal products grew from 3200 to 4100 persons in Montana, an increase of 28% (Table 4). The number of workers remains small, comprising only 1.3% of total Montana employment in 1977. In the coal mining sector, employment grew by a great percentage--67%--but this created only 600 jobs or less than .2% of total employment. At the same time, annual coal production increased by at least 700% (Federation of Rocky Mountain States, 1975). This indicates the capital-intensiveness of the coal industry and its limited potential for creating new jobs.

Even if national demand for coal increases greatly, there is no assurance that this surge will provide jobs directly to Montanans.

In fact, a preliminary look at local data suggests that in-migration has more than offset job growth in certain counties. A detailed analysis is needed to determine if skills needed by the coal industry are sufficiently present in existing state or local labor markets. If those skills are available, hiring preference for Montanans might be considered so that coal migration does not simply increase in-migration which would negate benefits for Montanans or local area residents.

The mining sector is beset with additional problems. Although it provides high hourly and weekly earnings, second only to construction (Table 4), coal mining employment has strong seasonal fluctuations. Between 1970 and 1977, the average difference between high and low employment ($\frac{H - L}{L}$) during one year is 33% (Table 7). Although not as volatile as agricultural employment, these fluctuations raise questions about the desirability of coal mining as a key sector, particularly for those counties or Labor Market Areas (LMA) most dependent on it.

The transportation/utilities sector and construction sector are associated with coal production and could have important effects on the Montana economy. The transportation/utilities sector grew between 1970 and 1977, with an increase of 2,600 jobs (Table 4). Of its three subsectors (railroad transportation, nonrailroad transportation, communications and utilities), employment in railroad transportation declined while nonrailroad transportation expanded by 30% and communications/utilities by 20% (Table 4). The latter

Table 4. Montana Employment by Industrial Sector (in thousands),
1970 - 1977

	1970	%	1971	%	1972	%	1973	%	1974	%	1975	%	1976	%	1977	%
TOTAL	261.4	100%	262.8		278.8		290.1		303.5		303.6		311.6		330.0	
Agriculture (incl. timber)	34.1	13.5%	36.1	13.7%	33.1	11.4%	36.3	12.5%	38.8	12.7%	34.8	11.5%	33.4	10.7%	34.7	10.5%
Manufacturing -lumber & wood	24.1	9.2%	23.9	9.1%	24.5	8.8%	24.8	8.5%	24.5	8.1%	22.1	7.3%	23.6	7.6%	24.2	7.3%
Mining	8.9	3.4%	8.2	3.1%	9.2	3.3%	9.8	3.4%	9.5	3.1%	8.1	2.7%	9.1	2.9%	9.3	2.8%
- metals	6.4	2.4%	6.6	2.5%	6.3	2.2%	6.5	2.2%	7.1	2.3%	6.4	2.1%	5.9	1.9%	6.1	1.8%
- coal	3.3	1.3%	4.0	1.5%	3.7	1.3%	3.8	1.3%	4.0	1.3%	3.1	1.0%	2.4	.8%	2.0	.6%
- oil & gas	.4	.3%	.8	.3%	1.0	.4%	1.1	.4%	1.3	.4%	1.5	.5%	1.5	.5%	1.5	.5%
	2.3	.8%	1.8	.7%	1.6	.6%	1.6	.6%	1.8	.6%	1.8	.6%	2.0	.6%	2.6	.8%
Construction	10.5	4.5%	11.0	4.2%	11.4	4.1%	13.0	4.5%	13.5	4.4%	12.1	4.0%	13.5	4.3%	15.6	4.7%
Transportation	17.6	6.7%	17.4	6.6%	17.9	6.4%	18.7	6.4	19.5	6.4%	19.0	6.3%	19.2	6.2%	20.2	6.1%
- railroad	6.8	2.6%	6.6	2.5%	6.3	2.3%	6.3	2.2%	6.5	2.1%	6.1	2.0%	6.3	2.0%	6.1	1.8%
- non-railroad	4.6	1.8%	4.6	1.8%	5.4	1.9%	5.7	2.0%	5.8	2.0%	5.6	1.8%	5.5	1.8%	6.0	1.8%
- communic. gas & tele.	6.2	2.4%	6.2	2.4%	6.4	2.3%	6.7	2.3%	7.0	2.3%	7.3	2.4%	7.5	2.4%	7.4	2.2%
Wholesale trade	9.5	3.6%	9.8	3.7%	12.4	4.4%	13.1	4.5%	14.0	4.6%	14.2	4.7%	15.1	4.8%	15.9	4.8%
Retail trade	35.5	13.6%	38.3	14.6%	41.1	14.7%	43.2	14.9%	44.8	14.8%	44.9	14.8%	47.9	15.4%	50.4	15.3%
-eating/drink	9.7	3.6%	10.4	4.0%	11.6	4.2%	12.7	4.4%	14.2	4.7%	15.0	4.9%	16.6	5.3%	18.3	5.5%
FIRE	7.9	3.0%	8.1	3.1%	9.0	3.2%	9.4	3.2%	10.0	3.3%	10.2	3.4%	10.6	3.4%	11.4	3.5%
Services	32.1	12.3%	33.7	12.8%	37.3	13.4%	40.4	13.9%	42.4	14.0%	44.3	14.6%	47.7	15.3%	49.3	14.9%
-hotels	3.9	1.4%	4.0	1.5%	4.9	1.8%	5.6	1.9%	6.2	2.0%	5.9	1.9%	6.2	2.0%	6.4	1.9%
Government	52.1	19.9%	52.6	20.0	55.4	19.9%	55.4	19.1%	58.2	19.1%	64.9	21.4%	65.7	21.1%	65.7	19.9%

Source: U.S. Department of Labor Manpower Administration

Table 5. Montana Employment by Industrial Sector, Most Important Sectors, as % of Total

	1970	1971	1972	1973	1974	1975	1976	1977
Agriculture	13	13.7%	11.9%	12.5%	12.7%	11.5%	10.7%	10.5%
Manufacturing	9.2	9.1	8.8	8.5	8.1	7.3	7.6	7.3
Retail Trade	13.6	14.6	14.7	14.9	14.8	14.8	15.4	15.3
Services	12.3	12.8	13.4	13.9	14.0	14.6	15.3	14.9
Government	19.9	20.0	19.9	19.1	19.1	21.4	21.1	19.9

Table 6. Montana Employment by Industrial Sector, Most Volatile Sectors, Annually (% Change)*

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
Agriculture	+ 5.9%	- 8.3%	+ 9.6%	+ 6.9%	-10.3%	- 4.0%	+ 3.9%
Construction	+ 4.8	+ 3.6	+14.0	+ 3.8	-10.0	+11.6	+15.6
Retail Trade	+ 7.9	+ 7.3	+ 5.0	+ 3.7	+ .22	+ 6.7	+ 5.2
- eating	+ 7.2	+11.5	+ 9.5	+11.8	+ 5.6	+10.7	+10.0
Wholesale	+ 3.2	+26.5	+ 5.6	+ 6.9	+ 1.5	+ 6.3	+ 5.3
Services	+ 5.0	+10.7	+ 8.3	+ 4.6	+ 4.5	+ 7.7	+ 3.4
- hotels	+ 2.6	+22.5	+14.3	+10.7	- 4.8	+ 5.1	+ 3.2

*volatile = more than 5% change in employment annually and more than 20% difference between high-low unemployment levels seasonally.

Source: U.S. Department of Labor Manpower Administration

Table 7. Montana Employment by Industrial Sector, Most Volatile

	1970	1971	1972	1973	1974	1975	1976	1977
Agriculture	100%	96%	112%	156%	120%	76%	131%	120%
Mining	86.0	16.4	13.6	11.5	18.2	11.3	7.1	34.7
- coal	66.0	42.9	50.0	30.0	36.4	7.1	14.0	21.4
Construction	292.0	95.7	87.0	86.0	64.4	42.0	67.0	72.0
Eating/ drinking	35.0	35.6	37.9	32.1	32.5	35.7	35.7	36.6
Hotels	79.4	80.6	80.6	15.6	62.5	46.1	47.0	45.1

Source: U. S. Department of Labor Manpower Administration.

subsector provides the largest number of jobs--7,400. Its growth is coal-related because construction and operation of additional power plants, pipelines, and transmission lines to provide energy for export is heavily promoted and financed by the utility industry in the U.S. northwest (PNUCC). The entire northwest, extending well into California and tying into its power grid, is part of a massive interlocking power system; and power generated in Montana can be hooked up to this grid and fed into the system to benefit users in other states.

Growth in the transportation sector is caused by additional trucking services to support new mining activity and agricultural shipping. Unlike mining and construction, transportation employment is both highly paid and stable; consequently, it may be one of the beneficial outcomes of increased coal production. However, trucking jobs may be held by residents of other states. Between 1977 and 1978 the number of businesses in this sector increased 41% (Table 10)--

another cautious indicator of its growth potential. More data are needed to show whether or not this increase occurred in the coal counties, disaggregated to identify the impacts of growth on different economic segments of the population.

During the past seven years, construction employment grew by almost 50%, or over 5,000 jobs (Table 4). During 1977 alone, employment increased 13%. The Montana Labor Market Review (4th quarter, 1977) attributes this boom to the availability of low-interest loans and the growing importance of the nonresidential building sector. The bulk of such construction is associated with the energy industry and is therefore expected to greatly increase during the industry's expansion period, dropping off sharply after that.

Construction activity may also reflect an increase in the demand for housing, stimulated by heavy in-migration. If this in-migration is catalyzed by coal development or the promise of it, then coal will indeed have indirectly provided additional employment to the state. It is necessary to see if the increased construction activity has occurred predominantly in the coal counties. In any case, the argument applied to nonresidential coal-related construction applied to residential construction as well: An initial boom will be followed by a sharp drop in activity as the energy industry's initial phase of expansion ends. Construction may also be even more vulnerable than coal mining to outside migrant workers filling jobs.

Table 8

Weekly Earnings by Sector,
Montana, 1971-77

	1971	1972	1973	1974	1975	1976	1977
Average Total	\$123.46	\$133.20	\$139.46	\$152.57	\$160.37	\$171.24	\$189.38
Manufacturing	157.21	170.54	181.30	188.60	195.78	236.01	304.56
Mining	169.81	187.65	198.58	237.73	272.82	304.56	345.40
Construction	198.72	222.68	240.64	265.54	283.14	317.54	379.64
Transportation	173.04	196.71	217.06	243.67	253.80	267.03	302.63
Whole/Retail	101.52	106.55	111.03	119.26	124.38	140.58	153.72
FIRE	97.35	98.74	104.34	110.96	118.54	124.10	133.21
Services	83.39	84.76	88.31	97.24	104.97	107.61	113.84

Source: U.S. Department of Manpower Labor Administration

Table 9

Growth in Weekly Earnings by Sector
Montana, 1971-77

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
Average total	8.1%	4.5%	9.4%	5.3%	6.9%	10.5%	53.7%
Manufacturing	8.3	6.5	3.9	3.7	21.0	15.6	73.2
Mining	10.7	5.9	19.7	14.8	11.8	13.4	103.4
Construction	12.1	8.1	10.4	6.8	12.0	19.6	91.4
Transportation	13.3	10.7	12.0	4.1	5.5	13.1	74.6
Whole/Retail	5.0	4.7	7.2	4.2	12.9	9.2	51.5
FIRE	1.0	6.1	6.7	7.3	5.1	7.3	37.1
Services	2.1	4.8	10.2	7.2	2.9	5.6	36.1

Source: U.S. Department of Manpower Labor Administration

Table 10
New Corporations and Business in Montana, by Industry
and Area, 1977

Industry	Total	% of total	From 1977 total year to date
Agriculture, forest, fishing	285	6.0	+32%
Mining	146	3.1	-1.5
Construction	840	17.6	+18
Manufacturing	210	4.4	+42
Transportation, com- mun., electric, gas, sanitary services	168	3.5	+41
Wholesale-retail	1223	25.6	+13
FIRE	429	9.0	+33
Services	1396	29.3	+9
Government	0	0	0
Nonclassifiable estab.	73	1.5	-30

Area	Total	% of total	From 1977 total year to date
Cascade SMSA	508	10.6	+14%
Yellowstone SMSA	781	16.4	+ 3.
Anaconda-Butte LMA	314	6.6	- 7.
Bozeman LMA	427	9.0	- 6.
Glasgow LMA	139	2.9	-33
Glendive LMA	163	3.4	+56
Hardin-Red Lodge	102	2.1	+55
Havre LMA	157	3.3	+35
Helena LMA	381	8.0	+23
Kalispell LMA	586	12.3	+21
Lewistown LMA	106	2.2	-43
Miles City LMA	144	3.0	-15
Missoula LMA	757	15.9	+27
Shelby LMA	205	4.3	+12

Source: Montana Employment and Labor Force, March 1978.

Some general conclusions can be made from the data. While offering the highest wages (Tables 8 and 9) and earnings of all Montana sectors, construction is highly volatile both seasonally and annually (Tables 6 and 7). Rapid changes indicate that income is unstable and that at least some of the jobs are provided to in-migrants or transients rather than locals. More than 50% of construction workers are unionized, skilled craftsmen. It is doubtful that most new employment would be open to the general populace, and particularly unlikely to local coal area people, especially native Americans.

Construction has other inherent disadvantages, which are exacerbated in a boom situation, making it unreliable as a source of permanent, stable growth in employment and stimulus to the local economy. As has been seen in other areas, the migration of construction workers to an area can create a pool of such workers who then depend on a continuing series of projects just to maintain job levels, let alone increase them. Such a pool of labor, confronted with an eventual slowdown in construction, may be used politically to pressure for further growth, regardless of its long-term potential or intrinsic merit. This could deeply affect the political climate of Montana, creating a treadmill effect, whereby the state loses its ability to pursue its stated goals of a "sound economy" and a "quality environment" (Montana Economic Study, 1970). A final problem with construction like mining booms is that they tend to introduce local inflation, which wipes out wage gains and creates a fall in real income to workers and farmers in other sectors. As competition for housing increases, for example, these workers lose out (Gold, 1974).

To sum up, statewide economic data indicate that a boom in coal production is not an economic miracle for Montanans. Coal extraction itself will not provide very many new jobs, and no link between expanded coal activity and increased permanent employment in other sectors can be firmly established. Although revenues from the severance tax are currently compensation, they may not be sufficient to offset the effects of the industry's eventual pullout. At this point it therefore cannot be authoritatively said that coal is a desirable development sector for the whole Montana economy.

The health of the Montana economy is not currently dependent on coal production. But a rapid increase in coal extraction might start a growth process, including expansion of transportation/utilities and manufacturing, which would be hard to stop. Manufacturing for national markets in the U.S. has always followed energy sources. This implies an urbanized, industrial future. Is it therefore wise to make coal the focus of state development strategies, rather than emphasizing long-term renewable resource development and locally-based manufacturing for Montana needs?

Agriculture

Agriculture is the traditional base of the Montana economy and is a renewable resource which can be productive in perpetuity. However, due to dramatic increases in productivity, its proportional contribution to total employment has declined since 1950. This sector is characterized by low wages and violent fluctuations in both seasonal and annual employment (Tables 6 and 9), although farm

households appear relatively well off. This suggests that farm proprietors are comfortable while wage workers in agriculture bear the brunt of seasonality.

But low levels of employment may understate the sector's importance. In 1977, agriculture accounted for more than 10% of total state employment; only retail trade, services, and government held greater shares of employment. Agriculture is still the most important source of earnings, accounting for almost 19% of the total in 1974 (up from 16% in 1959). Since last year, the number of businesses engaged in agriculture increased by 32% (Table 10).

In addition, many of Montana's manufacturing, transportation, and service jobs are dependent on the agricultural sector. A survey of urban employment indicates that many manufacturing jobs currently rely on the base. In Billings, for example, manufacturing employment consists of 9 cement/concrete plants, 19 sheet and machine shops, and 2 petroleum product refineries in the non-agricultural area, and 15 dairy and agricultural product plants, one beet sugar refinery, and 12 cabinet and millwork facilities (related to forestry which is agricultural). There may also be great undeveloped potential. For example, Montana grows wheat, but does not mill its own flour, while Montanans consume bread and flour imported from Minneapolis. The same is true for ranching and the meatpacking business. The link between resource and final product has been disregarded in previous studies. Montana might investigate the food processing sector more thoroughly as part of its development strategy. Before dismissing

agriculture as a growth sector, Montana policymakers should keep in mind the range of activities currently and potentially spun off.

Service Sectors

Since 1970 the most important employment growth sectors have been in services:

Wholesale trade:	67%	Services:	54%
Retail Trade :	42%	Hotels :	64%
Eating/Drinking:	87%	FIRE :	44%

(From Table 1)

These sectors have increased both in terms of overall employment and in their percentage of total employment. The high rates of growth in the eating and drinking trades and hotel services may indicate the increasing importance of tourism with the state, while the surge in FIRE employment is related to the energy and construction boom. Despite their healthiness, these sectors have a number of disadvantages Montana. First, their hourly and weekly earnings are quite low (Tables 1 and 4), usually less than half those of such well-paid sectors as construction. Second, these earnings have grown at far lower annual rates (Table 9) than those of other sectors. Third, such industries suffer from both annual and seasonal volatility, particularly in those subsectors associated with tourism (Tables 6 and 7). Finally, the average hours worked per week in these sectors are fewer than those in others, and have declined since 1970. In 1977 average weekly hours were:

FIRE	36.9
Services	29.8
Trade	33.2

AVERAGE: 33.3 hours/week

Mfg.	41.8
Mining	42.8
Const.	37.7
Trans.	41.8

AVERAGE: 41 hours/week

These figures do indicate that growth is occurring in non-basic sectors of the economy, and some of this employment is poorly-paid, part-time, and unsteady. Part-time or seasonal jobs are not necessarily bad in themselves and may in fact be appealing or necessary to certain segments of the population (i.e., working parent, students). In fact, alternative working patterns are becoming more popular throughout the nation (four-day work week), and certain local governments are experimenting with job-sharing as a way to distribute employment opportunities without emptying local coffers. What is most troublesome about part-time or seasonal jobs is their low pay and lack of fringe benefits. And many workers remain involuntarily employed part-time.

Manufacturing

Manufacturing appears to have declined in its contribution to total employment since 1970. The total number of people employed in manufacturing has remained fairly steady over the past eight years (Table 4). Within manufacturing, the most important subsector is lumber and wood products, which has also declined in importance, though in absolute numbers, employment has increased slightly.

This data may obscure a current reversal in manufacturing. The entire sector is still recovering from recession of the early 70s. The indicators are sparse, but a trend may be tentatively identified: manufacturing employment grew by almost 10% between 1975-1977, and weekly earnings increased by 40% (Table 9). In addition, the number of new businesses increased more in manufacturing than in any other sector (by 42% between 1977-1978, Table 10). More data are needed before coming to firm conclusions. We also need information on the type of firm moving to Montana.

Government

Government is the largest sector in Montana, providing almost 20% of total employment. The number of people employed in the public sector has increased by over 25% since 1970. Government employment has certain advantages: it is stable, and the average earnings are higher than those in other service sectors. Government employment can also be tuned to meet economic needs, as in 1975, when government was used as a stimulus to combat the recession.

Were Montana to consider public development of its own resources, government employment would be the method of so doing. This can be done in a variety of ways (see below, "Territorial Strategy"). Because government does not need to make a profit, its salaries tend to be slightly higher than equivalent work in the private sectors. This may drive private sector wages up, a situation much disliked by corporations. The recent taxpayer revolt in California, backed by corporations and now spreading to other areas, may stunt growth in this sector.

TERRITORIAL STRATEGY FOR MONTANA

The territorial strategy, informed by the above philosophy and regional profile, plans at the regional and community level. It begins with a holistic view of people's economic condition and possibilities. It looks at the whole deck of cards rather than the single cards dealt out in a particular round. It assumes and evokes the primacy of local goals and does not consider such values as rural lifestyle and traditional community impediments to the development process. Territorial planners measure options and constraints against these visions.

Our territorial approach sketches out directions for economic strategies and political institutions. We caution that our inability to tackle social and environmental issues in this study may bias its results. Nevertheless, we believe that this set of ideas constitutes a first step toward a territorial strategy that is superior to present planning-and-policy processes.

Economic Strategies

Targeted Sectoral Policies

One of the biggest problems in Montana's present economic structure is that no one sector is strong enough to sustain healthy economic development. Since Montana will not become very industrialized or diversified in the near future, these sectoral flaws are not trivial problems. A series of targeted policies to treat particular handicaps in each industry could be constructed. For example, the

state through taxes and promotion policies could seek to stabilize the seasonality of tourist employment by promoting the annual use of scenic resources. Similarly, controls on coal promote steadier, slower production patterns.

Local Processing of Land-Based Production

One of the ironies of Montana's past patterns of development is that Montana's land-based products (e.g., wheat, cattle) are exported for processing in other regions, to be returned to Montana for consumption. This trend has been the result of growing monopoly in various sectors (railroads, flour corporations, meat-packing corporations) and the effects of corporation-dominated government regulation. For instance, the big milling companies such as Pillsbury and General Mills (both based in Minneapolis) and the big bakeries such as General Foods have been able to extend increasing control over the location and type of flour and bread production. The United States Congress has documented the illegal manner in which the bread corporations forced local bakeries out of existence by underselling in targeted local markets. The resulting concentration in the bread industry is not a result of economic efficiency but of raw political and market power.

This exploitation is doubly ironic now that energy costs are higher. Montana energy is being exploited to transport other raw materials (with great cost and losses) to other regions; there, more energy is used to process these materials into products that are then shipped back to Montana at high energy costs. Advertising and

market manipulation by national breweries and big bakeries have also been a part of the erosion of local production.

Montana may be able to reverse this process, saving both energy and income from exportation. In particular, the following industries may be ripe for local development since these agricultural foundations are already in place: flour mills, bakeries, meat-packing plants, breweries, and bottling operations. Such development could be located in small towns and use the resources of rural areas--energy, raw materials, and labor--to serve the Montana population. These projects would require front-end capital, which could come from the state development fund and support through a public education program which emphasizes employment for Montanans and the experiments involved in such enterprises. The state could use these operations as showcases in which to experiment with worker control, cooperative ownership, good health-and-safety conditions, nutritional information, child-care provisions, and alternative technologies.

Alternative Technologies

The state of Montana is already experimenting, through monies from the severance tax, with alternative technologies. These efforts counteract federal policy which presently encourages and funds large-scale technologies that can only be effected by large energy corporations. Even the federal government's solar research is directed overwhelmingly in this direction. With abundant wind, solar, and biomass power, Montana may be able to move in the direction of decentralized, efficient, environmentally benign, non-boomtown-producing energy

production. As part of the territorial approach and combined with a conservation emphasis, this strategy may be able to disprove Washington's fatalistic assessments regarding inevitability of the high technology route to energy independence.

Public-Ownership, Cooperatives, and Banking

Montana has an ideal opportunity to continue its strong tradition of producer and consumer cooperatives by choosing this vehicle for its development strategy. The history of domination by Anaconda, which used the state to obtain millions of dollars of de facto subsidies and ultimately took its profits elsewhere, is a lesson in dependency under large corporations. Many local communities would lack cheap electricity, local grocery stores or gas stations, if it were not for cooperatives. Cooperatives decide production and organizational questions on the basis of the entire community or group interest, not on profits alone.

Those development projects which are undertaken by the state itself could be organized cooperatively and on a small scale. Big public corporations like TVA and Bonneville Power Administration have ultimately behaved much like their private-sector counterparts. For instance, in its single-minded effort to produce cheap energy largely for Oak Ridge nuclear power experiments, TVA has relentlessly stripped much of Appalachian coal (Branscome, 1977). Bonneville similarly appears to be interested in as much expansion as possible, particularly to serve the aluminum industry in the Pacific northwest (DNRC, 1977). Montana could use its reserves and its development

funds to set up a cooperative bank, similar to a credit union, with regional branches where the investment and loan policies are decided by the communities themselves. Similarly, regional credit unions could act as sources of finance. Small-scale operations will cushion losses and enable much broader innovation. Different groups and cooperatives may try very different approaches which will increase the learning returns. The state could also use its university extension service to organize manpower and techniques for cooperative development.

Political Institutions

In our above discussion of economic activities and organizations, we emphasize collective control through cooperatives and small-scale operations. These are in essence political values, which assume the desirability of participation in decision-making by all people affected. However, such participation cannot be confined to economically defined roles, like consumers and producers alone, since many people who do not directly participate as buyers or workers are affected by development patterns. This is particularly true for environmental and cultural consequences that are not generally part of the economic calculus. Therefore, a territorial strategy must also be concerned with general political institutions which ensure that all Montanans participate actively in shaping development futures. To us, this implies more than a requirement to inform people. It involves development powers that ensure that people understand what is

occurring in their regions, fully debate the alternatives, and exercise active controls over their future.

Democracy is the basic ordering principle for any such set of institutions. Since conflicts inevitably appear because of people's differential economic power and interests, a democratic territorial political structure would have as one of its tasks the insurance that no party dominates the use of political machinery. The institutions would require representation of all strata of the society, not just the most powerful. It could go beyond the provision of one person, one vote to democratize bureaucracy. For instance, it could require decision-making by jury, where random selection of members ensures that people of all races, classes, ages, tenure in the community, and cultural values were represented. Such a political process would strengthen each group's understanding of other's situations. And in the long run it would encourage dissemination of education and information for all involved, preventing the emergence of elitism.

Democratic institutions based on lottery, juries or non-manipulable voting could be formed at the community, county, and regional levels. Perhaps some existing government units would serve well. The multi-level political structure would be important for ensuring that the problems of Montanans in different locations--rural and urban, agricultural and mountain--would be communicated to and considered by the smaller-celled community/county units making decisions.

A great deal more thought must be devoted to designing such institutions. To do so, Montanans need knowledge of what has worked in the Montana past and what problems accompany different forms of governing, from professional to participatory. And, a danger remains that the design of political units to govern development paths would itself be distorted by current strongly organized interest groups with political pull.

Conclusion and Defense

The above suggestions are components of an overall strategy which insists on a comprehensive approach and emphasizes balanced and healthy economic growth. We recognize its general character and lack of detail. It will take time for people to work out the concrete possibilities through experimentation and reformulation. It argues for directing energy development research money away from projects like space platforms to produce solar microwaves and toward demonstration projects and experiments along the previously suggested lines.

The territorial approach offers suggestions that appear to defy efficiency criteria by arguing for apparently less profitable forms of economic development. We have several responses to such a charge. First, we reassert the importance of economic security and sufficiency rather than growth per se. Second, we note that Montanans may wish to emphasize the distributional results of economic growth rather than gross increases in output. This is a value judgment that

is a rational response to economic development prospects. Third, we have noted above that proper accounting for the many externalities produced by the growth process may belie the efficiency of large-scale industrial and energy production. Fourth, since the large-scale industries interested in locating in Montana are usually oligopolies subsidized by the national government, it is not clear that efficiency is at issue. Finally, from a development point of view, if apparently less efficient industries generate more local income and greater tax revenues for the people of Montana, the strategy may be preferable.

The above components of a territorial strategy are offered tentatively. They are at this point more a vision than a concrete program. Its underlying ideas are currently being developed in Montana and other regions by like-minded governments and groups. They are in the formative stages, but the successes have been heartening. We hope to continue our research and discussions. We will take our interim results to as many groups as possible for dissemination and criticism. We request feedback, corrections, and new directions for our work.

FOOTNOTES

1. In this paper we contrast three planning approaches to the energy boom, which we call the Reactive, Compensatory, and Territorial strategies. We advocate the third of these, as a more comprehensive, fairer and more rational solution. We have applied this approach to the Montana economy, working as best we can with inadequate data and statistics. We chose to work with the Montana case, despite our distance because the state currently faces large economic planning problems and because the level of political interest and activity seems to be higher in Montana than in other Western states confronting similar problems.
2. The notion of a territorial, as opposed to a functional, strategy is developed by Friedmann and Weaver (1978). We have modified the notion to fit the U.S. experience.
3. For a listing and review of the many efforts, see Markusen (1978b).
4. A good example is the vision presented in the title and text of The Tax Lead Time Study (Briscoe, et al., 1973).
5. The case for individual compensation is argued by O'Hare (1976) and for community compensation by Dorgan (197?).
6. See, for instance, the Machlup (1960) treatise. Examples at hand are the Montana Economic Study (1970) and the Polzin (1974) study cited above.

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