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Business Quarterly article reviews Montana's shifting economy

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MISSOULA --

Montana is suffering the "growing pains" that accompany a shift from a farm to a non-farm economy, according to Dr. Maurice C. Taylor, a visiting professor of business administration at the University of Montana.

Writing in the current issue of the Montana Business Quarterly, Dr. Taylor, a member of the faculty at Washington State University, calls Montana's economy "underdeveloped."

The state's economy no longer is dependent on agriculture, Dr. Taylor notes. In 1965, revenues from farm production comprised only 12 per cent of personal income in the state. He points out that 19 years ago, agriculture counted for nearly 20 per cent of the state's personal income.

The change from an agrarian to a non-agrarian economy has caused several problems, according to the professor. One of the most important is the release of surplus labor to the non-farm section of the state's economy; 1,500 farm workers have been leaving the farm every year for the past several years, he notes. Another effect is a relative decline in labor's earnings. Those earnings will remain low, according to Dr. Taylor, if the capital base is not increased.

Dr. Taylor cites increasing efficiency in agriculture as one reason for the release of farm labor. At present, he notes, Montana has only half the number of farms it had 35 years ago.

For the past 20 years, Montana's per capita income has been declining in relation to the per capita income for the United States as a whole. Dr. Taylor points out that from 1951 to 1965, Montana's personal per capita income increased only $46 a year while the
average increase for the United States as a whole was $71.72 a year. During the same
years, the average increase in the Rocky Mountain states was $18 higher than the Montana
rate.

According to Dr. Taylor, Montana's location and its transportation disadvantages
have made industrial development extremely difficult. Because of those factors, he writes,
the state has become instead a producer of raw materials and labor.

He notes that Montana's chief product, people, is expensive to produce. But, he
maintains, investment in the state's young people must continue if Montana is to overcome
the growing pains of economic progress.

Dr. Taylor concludes that Montana must find a way to increase its capital base and
investment in its young people. Otherwise, he writes, the state will continue to be an
exporter only of raw materials and people.

In addition to Dr. Taylor's article, the current issue of the Montana Business
Quarterly includes articles on risk management, the small businessman and accounting,
and a survey of alleged inequities in income taxation.

The magazine is a publication of the Bureau of Business and Economic Research at
the University of Montana. Copies may be obtained by writing the Bureau in care of the
School of Business Administration, University of Montana, Missoula.

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