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### Economist sees bright spots in Butte-area economy

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maribeth dwyer • news editor

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ECONOMIST SEES BRIGHT SPOTS IN BUTTE-AREA ECONOMY

MISSOULA--

The recent closure of the Anaconda Copper Company's smelter in Anaconda probably will not affect the Butte-Anaconda area economy as significantly as did the closure of other Anaconda Company operations during the mid-1970's, according to University of Montana economist Paul Polzin.

In an article appearing in the winter issue of the Montana Business Quarterly, Polzin writes that between 1972 and 1978 an estimated 2,000 Anaconda Company workers lost their jobs, mostly due to the closure of underground mining. While these 2,000 jobs represented about 40 percent of total company employment, during the same period the decline in total earnings of Anaconda Company workers was only 26 percent. The difference was caused by the rise in the real earnings of the remaining workers.

The recent smelter closure will probably mean the loss of about 900 jobs, according to Polzin. Since this is fewer than the number of jobs lost during the 1970's, and since there has been significant growth in several other industries in the Butte-Anaconda area, the negative impact of the loss of those jobs will probably be less than that associated with the earlier decreases in copper mining.

Polzin writes that he does not mean to "downplay the closing of the smelter in Anaconda." The facility accounted for about 20 percent of the economic base of Silver Bow and Deer Lodge counties, and "its loss will have an economic impact."

Economist sees -- add one

"However," Polzin said, "the closure must be kept in perspective. Between 1972 and 1978, the local economy experienced a proportionately greater loss of export jobs and earnings, and there were only modest declines in population and non-farm earnings."

Further, according to Polzin, there are several bright spots in the Butte area economy, including energy research, at the Montana Energy Research Development Institute (MERDI), Mountain States Energy, and the National Center for Appropriate Technology.

Also, real earnings per worker in the other basic industries are likely to continue their historic growth. These factors could counterbalance the loss of the smelter and, according to Polzin, "may tend to cushion the impact in the local economy."

The Montana Business Quarterly is published by the Bureau of Business and Economic Research of the University of Montana, and is available at the Bureau office in Missoula.

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