

# Economic earthquake to hit California

by H. Graham Lowry

The once mighty economy of the state of California, by itself ranking as the sixth largest in the world just a few years ago, is about to be battered again by a new round of military base closings ordered by the Clinton administration. Having lost nearly a million jobs in the last two and a half years, California has become instead the victim of forced economic disintegration—a model of the living hell known as the “post-industrial society.”

Advance leaks of the base shutdowns being proposed by the Defense Department include nine more in California, among at least 30 major installations and 150 smaller sites nationwide. According to a study by Gov. Pete Wilson’s Office of Planning and Research, California would lose \$6 billion annually and 182,000 jobs if the Pentagon plan is carried out. The job loss would include 76,700 directly employed and another 105,800 dependent on the nine bases. When combined with an additional 17 base closings announced in 1988 and 1991, the cumulative impact would cost the state’s economy \$11 billion a year and a total of nearly 330,000 jobs, the study reported.

Beyond the dubious estimate of defense requirements, based on the myth of a peaceful “post-Cold War era” when wars are raging out of control around the world, this so-called defense conversion is occurring at a time when the productive sectors of the economy are collapsing. California, moreover, is already inundated with layoffs from defense-related aerospace and electronics industries, and has an official statewide unemployment rate of 10%. The same week the new base closings were reported, the Los Angeles-based Northrop Corp. announced that it would eliminate another 2,400 jobs this year, reducing its work force to 30,600 from 48,200 in early 1988.

## Proposed base closings

The base shutdowns’ estimated \$6 billion annual cost would have a devastating impact. “That figure is equal to the total damage caused by the Loma Prieta earthquake in 1989,” Governor Wilson declared on March 10. “But the damage from the base closings would be worse, because families and communities throughout California would pay for that damage year after year after year.”

Collapsing incomes have driven the state’s budget deficits to astronomical levels the past three years, and tax revenues are running nearly 3% below the level projected for the current

fiscal year. Massive cutbacks in aid to the poor, the sick, and the elderly have become routine; public schools are on the ropes; and major reductions are again expected due to a projected shortfall of at least \$8.6 billion for the current budget.

The proposed base closings, which Governor Wilson calls a “man-made disaster,” could push California over the edge. Slated to be shut down are the Alameda Naval Air Station; Alameda Naval Supply Center; Treasure Island Naval Station; Mare Island Naval Shipyard; McClellan Air Force Base; Long Beach Naval Shipyard; March Air Force Base; El Toro Marine Corps Air Station; and the Presidio of Monterey.

According to the state study, the unemployment rate in Sacramento County would more than double from the shutdown of McClellan Air Force Base and the previously announced closings of Mather Air Force Base and the Sacramento Army Depot. In southern California, where the bulk of layoffs in the aerospace industry have occurred, closing the Long Beach Naval Shipyard would eliminate 12,700 jobs; March AFB in Riverside, 16,400; and El Toro Marine Air Corps Station, 11,250—along with a combined total of over \$500 million in annual payroll and contracts. The Presidio of Monterey has 3,725 military personnel and 1,915 civilian employees, who pump \$560 million into the local economy. The total impact from proposed naval base closings in the San Francisco Bay area is estimated at \$1.3 billion in annual payroll and contracts.

## What economic stimulus?

In an ABC News interview on March 7, Defense Secretary Les Aspin called the plan for nationwide shutdowns “the mother of all base closings.” Some people are undoubtedly using a little different language to describe the scheme, especially since there is nothing in the works which could even begin to compensate for the resulting blow to the economy. Last year, Congress appropriated \$1.7 billion for defense conversion, which President Clinton said last month during a visit to California that he was prepared to begin releasing.

But the Clinton administration plans to cut defense spending by nearly \$112 billion over the next four years. The job-creation component of his \$16.2 billion “economic stimulus” package before the Congress is primarily aimed at public works construction, and scarcely touches the re-employment requirements from military cutbacks.

As for the economic impact of base closings on local communities, the remedies President Clinton proposed March 11 featured a pitiful \$80 million, for a revolving loan and grant program “to directly and immediately aid communities hardest hit by defense cuts.” The President proposed an overall package of less than \$20 billion over five years for defense conversion and the promotion of civilian applications of military technologies. From initial reports, nearly half of that money would come simply from defense cuts. However the money is put together, the total amount would not even match the annual loss from base closings in California.