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Boeing closing could mean transition to civilian economy

Sanford Gottlieb | Jan. 31, 2012

Employees of Boeing in Wichita, Kan., leave a meeting where it was announced Jan. 4 that the company would relocate all of its Wichita operations by 2013, affecting 2,100 local employees. (AP Photo/The Wichita Eagle/Travis Heying)

VIEWPOINT

A chill has descended on Wichita, Kan. Winter weather is not the culprit, aircraft manufacturer Boeing is. The company, a longtime fixture in the city, brought the chill when it announced the imminent closure of its big defense plant there. And Wichita is not alone.

In communities from Virginia to California that have relied on steady Pentagon payrolls, people are frightened. Military spending, which totaled $7 trillion over the past decade, is slated to dip.

Good jobs will disappear.

Last August?s bitterly fought Budget Control Act, passed by Republicans and Democrats, mandated cuts of $489 billion in defense spending over 10 years. Then came the failure of the congressional ?supercommittee? to agree on deficit reduction. This triggered automatic cuts of more than $1 trillion -- half from the Defense Department, half from domestic programs. Unless Congress, the president and the top Pentagon brass find a way to block the automatic reductions, the military would have to shave a total of $1 trillion from its massive budget in the decade after 2013.

Resistance is already afoot. For example, Texas Gov. Rick Perry, until recently a Republican candidate for president, says a trillion-dollar cut in the military would imperil American liberties. Perry may also have a parochial concern. His office boasts that military spending is ?a driving force in Texas? diverse economy.? The Texas Military Preparedness Commission proclaims it is state policy to ?preserve, promote and advance the military mission within the state of Texas while protecting vital military installations within its borders, and encourage defense-related businesses to relocate to Texas.?

Maryland Rep. Chris Van Hollen, ranking Democrat on the House Budget Committee and one of the supercommittee?s 12 members, expects efforts to overturn the automatic cuts. Van Hollen thinks these efforts

will be unsuccessful. More likely, he said in an interview, would be negotiations during Congress? lame-duck session in December 2012, when the Bush tax cuts expire, to find ?alternative ways of reducing the deficit.? If that effort does not succeed, the next president and the new Congress will have to grapple with the problem.

Meanwhile, President Barack Obama has announced a new military strategy based on leaner, ?flexible? and ?agile? forces deployed increasingly in Asia and less in Europe, and maintaining their presence in the Persian Gulf. The Army and Marines will be trimmed while the Navy and Air Force play bigger roles. Some Cold War weapons systems will no doubt be dropped. The actual price tag will largely depend on the winners of the nation?s continuing budget wars.

Workers in defense plants and shipyards, military personnel on bases and the merchants near these installations, employees of defense laboratories and research firms, 740,000 Pentagon civilians, and countless defense contractors worry: Where will the budget ax fall?

Fortunately, the U.S. has experience in shifting defense gears. When the Cold War ended and military spending dipped, St. Louis, Long Island, N.Y., and Philadelphia showed how to overcome defense-dependence. It took vigorous local leadership, help from government, and much time and planning.

Back in the early 1990s, military aircraft orders dominated the manufacturing sectors of both St. Louis and Long Island. McDonnell Douglas was the big employer in St. Louis, Grumman on Long Island. Grumman?s Washington lobbyists used to meet weekly with Long Island?s bipartisan congressional delegation, strategizing about how to save the F-14 fighter plane program -- and local jobs.

In St. Louis, city and county officials teamed up with the chamber of commerce to help workers and small businesses. They formed a coalition that included labor, defense firms, nearby Missouri and Illinois counties, and an activist group led by Loretto Sr. Mary Ann McGivern. Spearheaded by the public-private St. Louis County Economic Council, the coalition surveyed local defense firms, set up retraining and reemployment centers, and secured planning grants from the Pentagon?s Office of Economic Adjustment.

With matching funds from the Commerce Department?s Economic Development Administration, the coalition began building a technology center and a world trade center. Many defense subcontractors and suppliers embarked on the difficult transition into commercial markets. Today, because of its diversified economy, St. Louis? municipal bonds have been upgraded to AAA.

On Long Island, the New York state economic development agency took the lead. The agency, bolstered by a planning grant from the Office of Economic Adjustment and an advisory group of industry associations, county officials and Nassau Community College, studied nine small defense firms. The study concluded that, in order to enter commercial markets, management had to learn sales and marketing, skills in short supply in the defense industry. The lessons learned were applied, with Economic Development Administration funding, to a technical aid program for more than 100 companies.

Today, Long Island is no longer defense-dependent. Grumman?s former complex at Beth Page houses offices for Goya Foods and Sleepy?s mattress company, a Homeland Security Center of Excellence, and a movie studio.

The Philadelphia Navy Yard was once home to mothballed ships. In the past 10 years it has become a multi-use waterfront development with 115 companies and a workforce that will soon reach 10,000. Urban Outfitters, Tasty Baking, pharmaceutical firms, architects and researchers have offices on the 1,200-acre property. A former airplane hangar has been converted into a sound stage used by Paramount and a leading filmmaker. United Technologies, Penn State and the Department of Energy are jointly testing new energy-saving technologies. A master plan calls for making the Yard Philadelphia?s greenest district.

A nonprofit manages the Yard for the city. It has attracted $650 million in private investments and $125 million from the Office of Economic Adjustment, the Economic Development Administration, and state and local governments.

There is life after defense-dependence. But while military spending cuts may be automatic under the budget deal, there?s nothing automatic about the transition to civilian local economies. Community leaders, private investors and public officials will have to work together to shift resources into peacetime projects. A decade should be enough time to get it right.

[Sanford Gottlieb worked in the peace movement for 34 years. He is the author of *Defense Addiction: Can America Kick the Habit?* and *Red to Blue: Congressman Chris Van Hollen and Grassroots Politics*.]

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