

PN Special Feature

How the Pentagon Redlines America's Cities

by Marion Anderson and Peter Dreier

In all the recent discussions of urban decay, especially since the Los Angeles riots, few have pointed their finger at the biggest looter of all—the Pentagon.

For decades, the Pentagon has redlined some major American cities. The result: corporate flight, job loss, and fiscal trauma.

The \$1-billion emergency urban aid program passed by Congress after the riots pales in comparison to what the Pentagon drains from America's cities.

The Department of Defense saps that much just out of New York City *every six weeks*. In 1990 alone, 18 out of the 25 largest cities suffered a total loss of \$24 billion in their balance of payments with the Pentagon.

A recent study by Employment Research Associates for the Boston Redevelopment Authority showed the amount coming into each city in military contracts and salaries, and compared this sum with the taxes drained out of the city which go to the military budget.

The sums lost are enormous. New York City loses \$8.4 billion a year; Los Angeles, \$3.3 billion; Chicago, \$3.1 billion; Houston, \$1.7 billion; Detroit, already devastated by auto plant closures, over \$900 million; and Dallas, \$731 million.

The employment impact of this drain-off of funds is equally dramatic. Americans understand that military contracts and payroll coming into an area mean jobs. The converse is also true; money going out means jobs lost.

New York's annual loss is about 250,000 full-time jobs; Los Angeles and Chicago each lose about 100,000 jobs; Houston, over 50,000 jobs; Detroit, about 30,000 jobs; and Dallas, 22,000 jobs.

But it is not a zero-sum game. The jobs lost in New York do not all show up in San Diego, for example, which shows a net gain from Pentagon spending. Tens of billions of dollars are being spent overseas to subsidize the defense of Europe, Japan, and other rich allies, who no longer need it, especially now that Russia is considered a partner, not an enemy.

While the U.S. is paying soldiers and building B-2s, our competitor nations are

outperforming the U.S., because they are investing in their children, workforce, infrastructure, civilian factories, and nonmilitary research and development.

The end of the Cold War provides an unprecedented opportunity to cut the military budget substantially. Even mainstream defense experts now believe the Department of Defense budget can be reduced by as much as \$150 billion a year in the next five years without weakening national security.

Last year, Congress failed to tear down the federal budget wall between the military and domestic sections of the budget. Why? Partly because of what we call the Pentagon NIMBY (Not in My Back Yard) syndrome.

Last September, for instance, President Bush, far behind Clinton in the Missouri polls, traveled to St. Louis and announced the sale to Saudi Arabia of F-15 jet fighters, which are manufactured by McDonnell-Douglas, the state's largest employer. The sale is highly questionable on defense and foreign policy grounds, but Bush made little pretense of discussing geopolitics. He emphasized the 7,000 local jobs generated by the sale.

Similarly, Sen. John Warner (R-VA)

used his clout to fund two expensive and unnecessary aircraft carriers to be built in his state's Newport News shipyard.

These actions are not surprising for conservative Republicans, but even many liberal members of Congress say: Cut bases and contracts in someone else's district, not mine.

For instance, Sen. Chris Dodd (D-CT), facing re-election, successfully lobbied his Senate colleagues to vote funding for two Seawolf submarines (built in Groton, CT), which had already been cut by the Administration.

There simply has not been a sufficient game plan for converting America's war economy to a peace economy.

The Pentagon has always fought conversion bills filed in Congress. It prefers to keep employees of military firms frightened by cutbacks, and dependent on military largesse.

As a result, many local officials, Chambers of Commerce, and affected trade unions resist the impact of Pentagon cuts in their communities.

The workers, firms, and communities which have depended on military spending should not be the victims of the end of the Cold War.

But the only way to guarantee that the peace dividend will be a win-win situation for all Americans is to link large-scale military budget cuts to large expenditures for critically needed domestic civilian programs. It will also require retooling plants while retraining workers for new jobs, and shifting research and development priorities to civilian uses.

This combination of reallocating our federal budget and planning for a civilian peace economy is the only way to alleviate the anxiety of military contractors and personnel, so they stop blocking Pentagon budget cuts.

For decades, America has put its domestic needs on hold, allowed its cities to deteriorate, and mortgaged its children's future, while feeding the Pentagon and the arms race.

Investing the peace dividend in America's civilian economy will generate more jobs and do more to revitalize the economy than maintaining our military industrial complex.

Then, we can repair our crumbling infrastructure, restore the American dream of homeownership, improve our educational system, and employ our talented engineers and scientists in improving our

PN Special Feature

In its Special Feature, *Planners Network* presents thoughtful, provocative writings about substantive concerns and issues in the planning professions. Essays typically highlight a single issue, and illuminate it with examples and insights.

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society.

In fact, an annual shift of \$150 billion out of the military into a mix of critical civilian goods and services would generate a net gain of about one million jobs.

President Bush never addressed the need to make major cuts in the defense budget and put significant funds into conversion. Said Boston Mayor Ray Flynn, past president of the U.S. Conference of Mayors, "Mr. Bush did not seem to realize that the biggest danger facing America is not the Red Menace but the pink slip."

But Clinton, as a Presidential candidate, incorporated the need for serious Pentagon cuts into his standard stump speech, the party platform, and economic policy statement. The Clinton plan is still cautious and short on specifics, but he has at least shown an understanding of the problem and opportunity.

Clinton proposes over \$100 billion in annual savings from the defense budget within five years. He has called for retraining defense workers, while giving them an economic lifeline so they do not lose their houses or health benefits.

Moreover, Clinton supports a transfer from military to civilian research and development, and a major investment in a 21st Century infrastructure, including high-speed rail.

However, there is a problem. The Clinton Administration has put considerable emphasis on upgrading American manufacturing capabilities. But it has handed over much of the funding and responsibility for this initiative to the Defense Advanced Research Projects Agency (DARPA)—a Department of Defense unit.

The DARPA's new mission is to increase dual-use (military and civilian) technology. The central problem is whether the agency will continue its military emphasis, thus shortchanging the civilian needs of our industrial base.

Another problem is the lack of adequate advanced planning—particularly within the impacted communities—for alternative uses of military plants and bases. A step in the right direction is legislation proposed by Sen. Barbara Boxer (D-CA), the Economic Conversion Clearinghouse Act (S 850).

For the past half-century, the military-industrial complex has served as the nation's de facto industrial policy, planned and subsidized by the federal government, based on the location of military contracts and facilities.

The point is not that cities should get

PAYING DEARLY FOR THE PENTAGON

Pentagon Tax Burden and Expenditures for the 25 Largest U.S. Cities, Fiscal Year 1990

City	Military Expenditures (\$ millions)	Pentagon Tax (\$ millions)	Net Gain or Loss (\$ millions)	Net Gain or Loss Per Family
New York	\$ 754.3	\$ 9,133.8	\$ -8,379.5	\$ -3,600
Los Angeles	1,472.7	4,747.4	-3,274.7	-3,000
Chicago	253.5	3,355.9	-3,102.4	-3,500
Houston	573.1	2,343.0	-1,769.9	-3,400
Phoenix	181.5	1,258.4	-1,076.9	-3,500
Detroit	60.3	987.7	-927.4	-2,900
San Francisco	471.8	1,246.0	-774.2	-3,400
Nashville, TN	12.6	767.1	-754.5	-4,700
Dallas	783.5	1,514.8	-731.3	-2,300
Boston	116.5	798.3	-681.8	-3,800
Milwaukee	134.8	730.2	-595.4	-3,000
San Jose	637.4	1,037.8	-400.4	-1,600
Columbus, OH	387.2	784.6	-397.4	-2,000
Memphis, TN	635.7	806.6	-170.9	-1,000
Jacksonville, FL	697.4	860.4	163.0	-800
Philadelphia	1,682.3	1,834.1	-151.8	-300
Indianapolis	981.5	1,083.0	-101.5	-400
Cleveland	433.7	512.0	-78.3	-500
El Paso	566.2	531.1	+35.1	+200
New Orleans	827.5	583.7	+243.8	+1,600
San Antonio	1,443.9	1,147.3	+296.6	+1,000
Baltimore	1,194.6	790.0	+404.6	+1,700
Seattle	1,392.4	812.3	+580.1	+3,500
Washington, D.C.	2,356.8	862.0	+1,494.8	+7,800
San Diego	5,544.8	1,579.1	+3,965.7	+11,300

Sources: Employment Associates, Boston Redevelopment Authority.

their fair share of the Pentagon pork barrel. Rather, now that the Cold War is over, and in the wake of the Los Angeles riots, we can dismantle the military-industrial complex, and allocate federal dollars instead based on the nation's domestic needs.

Reinvesting the peace dividend in America's cities should be the centerpiece of a progressive domestic agenda, based on rebuilding a competitive civilian economy and satisfying the human needs of the American people.

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