



October 26, 1964

WESTERN
SHIPBUILDING
ASSOCIATION

311 California Street • Room 1102
San Francisco 4, Calif., YUkon 2-3952

Mr. Donald F. Bradford, Director
Office of Economic Adjustment
United States Department of Defense
Washington 25, D. C.

Dear Mr. Bradford:

Arthur E. Farr, *President*
Thomas A. Rotell, *Secretary*
Kenneth J. Blanchard, *Treasurer*

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Since 1961, there has been considerable public comment on the possibility of the closure of the San Francisco Naval Shipyard, now employing about 6500 people.

Grave concern has been expressed as to the economic impact on the area should this Navy yard be closed.

The Western Shipbuilding Association published a study in February 1964, dealing in a limited way with economic impact, but not going beyond estimating how many Navy shipyard workers could be offered employment in commercial shipyards.

We examined material from your office, including your testimony on November 7, 1963 before the Senate Employment Subcommittee, where-
in you said:

" . . . We in the Department of Defense know only one variable affecting the area -- military work. In any large metropolitan economic system there are many other forces involved which affect the economic equilibrium. We ourselves do not have and are not likely to have in the immediate future, the data needed to permit accurate forecasting of the consequences of changes in military contracting upon a sizeable metropolitan system."

WSA officers were never satisfied that the closure of the yard would have the economic impact that had been forecast for the reason that a shipyard, particularly one as large as the one in question, simply cannot provide the density of employment per acre that occurs in the modern, properly developed industrial park. For this

reason, WSA made a careful check among appropriate bodies here, such as chambers of commerce, redevelopment authorities, etc., to determine whether any agency was performing an all-embracing study of the economic impact of such a closure on the area or, in the words of your testimony, to obtain "the data needed to permit accurate forecasting of the consequences"

On determining that no agency was active in this field, or even contemplating such a study, WSA engaged the eminently qualified architectural firm of John Lord King Associates of San Francisco for this purpose. That firm's completed study is enclosed with the hope that it may supply your office with some of the data needed for accurate forecasting.

In another part of that testimony, dealing still with the economic impact of closure of defense installations, you said:

"An impacted community can organize itself, under local leadership, to meet the problem by working for early community acceptance of the DOD decision, and expedited development of a community recovery plan which will exploit the strengths and correct the deficiencies."

Elsewhere in the same material, you referred to the "remarkable job of recovery" of Presque Isle, Maine; of Wichita, Kansas, and other communities facing economic consequences of closures of defense plants, stressing that community self-help in planning with your office was a factor in such recoveries.

Because your office has learned that local community attention to such problems is important, we are furnishing a copy of this letter and the enclosed report to the office of the Mayor of San Francisco.

The results of the study are surprisingly in contrast with the deep concern that has been expressed in so many quarters. While it does indicate that, during a two year phase-out of the Navy Yard, there would be about a 1500 net job loss during that period, total jobs would return to their present level at the end of that period, assuming simultaneous availability of certain portions of land to private industry. Further, at the end of the ten year period that would be required

for Hunter's Point to be fully converted into an industrial park, there would be 14,000 jobs instead of today's 6500 (assuming the Navy Yard work load is left here); payrolls would increase from the present \$52 million to \$99.4; and the City and County of San Francisco would enjoy a totally new tax revenue of \$2.5 million annually.

With the remarkable success your office has enjoyed in cooperative work with affected communities (95% placement in some cases -- your testimony 11/7/63), we would think that the initial 1500 temporary job loss could be considerably lessened, if not entirely eliminated.

WSA has not spoken in the past on the purely military question of whether this or any other Navy yard should be closed -- and will not express any opinion on that subject now. The Secretary of Defense has a nine-man board of the top military men of the nation studying that question and any comment by a civilian shipyard group would be both presuming and superfluous. However, we do feel that your office and the office of the Mayor of San Francisco should have before it every available item of significant information as to economic impact, to assist in evaluations and forecasts, and possibly to reduce in some measure the natural political pressures that arise in any eventuality of this kind.

We will make time available within reasonable limits to any representative of your office who may wish to examine source material, etc. Certain large corporations actively interested in land development and quite well informed on the subject, have given assistance in this study. I believe their people might be willing to answer questions as well.

Respectfully submitted,


Arthur E. Farr, President

AEF/mf

Enclosure

cc: Honorable John F. Shelley, Mayor
City of San Francisco

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Dear Editor:

Take a moment to have a look at the
attached.

We feel that in its way, it is probably
one of the biggest news stories of the year.

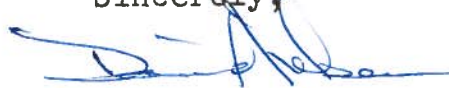
For it completely reverses the usual
hue and cry we hear on this and similar subjects
almost daily.

The survey involved a good deal of
research. It is factual, and is for publication
any time after 10:30 a.m. PDT on Monday, October
26.

Please feel free to call any of us
collect if you have any questions.

Thank you.

Sincerely,



WESTERN SHIPBUILDING ASSOCIATION
311 California Street
San Francisco, California

DAVID NELSON
EXbrook 2-8454

FOR IMMEDIATE RELEASE

Closure of San Francisco Naval Shipyard could result in 7500 new Bay Area jobs, \$47 million added payrolls and \$2.5 million entirely new tax revenues for the City and County of San Francisco.

A possible temporary 1500 job loss during the phase-out period could be reduced or even wholly eliminated, through local community cooperation with the Office of Economic Adjustment of the U. S. Department of Defense.

These were the major conclusions of a study on the subject and transmittal letter sending the study to the Office of Economic Adjustment of the U. S. Department of Defense in Washington, and to the Office of the Mayor of San Francisco.

The study was prepared by the San Francisco architectural firm of John Lord King Associates on behalf of the Western Shipbuilding Association, a coast-wide trade organization representing 150 large and small commercial shipyards, ship repair plants and related activities.

Indicating a consciousness of accusations that have been made of the private shipyard group that it is seeking the closure of the yard, the transmittal letter to OEA Director Donald F. Bradford in Washington repeated WSA's oft-stated position: "WSA will not presume to speak on the purely military question as to whether this or any other Navy Yard should be closed. The Secretary of Defense has a 9-man board of top military men of

the nation studying that question and any comment by a civilian shipyard group would be both presuming and superfluous."

The transmittal letter was signed by Arthur E. Farr, WSA President, and Vice President, Northwest Marine Iron Works, Portland, Oregon.

WSA offered its study to the Department of Defense and the Office of the Mayor, stating both "should have before them every available item of significant information as to economic impact, to assist in evaluations and forecasts, and possibly to reduce in some measure the natural political pressures that arise in any eventuality of this kind." WSA had the study prepared, Farr said, only after learning that no chambers of commerce or public agencies were conducting or contemplating such a study.

Key stimulants for WSA ordering the study were the suspicions of its officers that dire economic results so far predicted were not accurate because -- as stated in the WSA letter, "a shipyard, particularly the (Navy) one in question, simply cannot provide the density of employment per acre that occurs in a modern, properly developed industrial park."

Basic to the outcome predicted by the report would be a Navy decision -- in the event of closure of the yard -- to leave the work load of the Navy Yard in the Bay Area for handling by commercial shipyards, and partial availability of Hunters Point land for industrial development during a Navy Yard phase-out.

In a previous study released in February of 1964, WSA claimed that all but the largest of the cruisers and carriers can be handled in commercial Bay Area drydocks. The John Lord King report suggest that the large drydocks at Hunter's Point be kept by the Navy and spot-rented to private

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yards for docking the larger Navy vessels.

The report's job prediction figures are based upon commercial yards absorbing 4500 of the present 6500 work force, to handle the Navy Yard work load transferred to private yards by competitive bid. Added to this 4500 jobs, the report says, would be another 9500 jobs by the end of a ten-year industrial development period on Hunter's Point land. The Navy Yard's present annual payroll is \$52 million. WSA puts the annual payroll for the 14,000 jobs at \$99.4 million, using an official U. S. Chamber of Commerce formula for industrial salaries.

Numbers of jobs predicted for a fully developed industrial park at Hunter's Point, as well as rate of the development itself are based on a plant-by-plant survey by John Lord King Associates at Crocker, Utah Construction, and the two Millsdale industrial parks, all in adjoining San Mateo County, and all now well along in development.

The report takes cognizance of a recent San Francisco Chamber of Commerce study of reasons for flight of San Francisco industry from the City, some of it to the very industrial parks cited in the John Lord King study. It lists the Chamber-assigned reasons for industry flight, such as blight, parking, congestion, and other problems, and points to their absence in any industrial park which might be developed at Hunter's Point.

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