protection against a Soviet threat. With that threat removed, or considerably reduced, cutbacks in defense spending were inevitable.

The most visible manifestation of the defense "build-down" was the closure or substantial reduction of more than 300 military bases across the country. Forty of the bases were in California, far more than in any other state. Production of major weapons systems, such as the Trident submarine, also was terminated; others were scaled back by a third or more. The defense cutbacks sent shock waves through the California economy. The base closures meant the loss of more than 50,000 civilian jobs in the state. Major layoffs were announced by such stalwarts as McDonnell Douglas, Hughes, Lockheed, and Aerojet.

The decline of defense spending was the single most important factor in the recession of the early 1990s. Ever since World War II, California's economy had relied on the steady infusion of defense dollars. Suddenly, that flow was drastically reduced.

The California aerospace industry rebounded modestly in the early 2000s. Following the terrorist attacks of 2001, the *Los Angeles Times* predicted the state and nation would soon experience "the biggest military buildup in years." As expected, prime contracts for new weapons systems increased under the presidency of George W. Bush during the wars in Afghanistan and Iraq. The San Francisco-based Bechtel Corporation won contracts not only for defense but also for reconstruction projects in war-ravaged Iraq. Anticipating future expansion, the Boeing Company became the state's largest private employer with its acquisition of McDonnell Douglas and Rockwell International. Boeing's move was well-timed. The company soon received contracts for such big-ticket items as the colossal C-17 Globemaster III military transport, the first of which was christened the "Spirit of California," and the latest generation of tactical aircraft, including the F/A-18 Hornet and the F/A-20 Raptor.

Meanwhile, defense contractors also succeeded in converting a portion of their enormous productive capacities to peacetime use, providing (among other things) a new generation of low-orbiting satellites for telecommunications. The conversion of the state's closed military bases to civilian use also proved to have some positive consequences. Sacramento County transformed a portion of Mather Air Force Base into a family housing complex, and the California State University established a new campus at Fort Ord.

In spite of these modest gains, California's recovery from the 1990s recession was extraordinary because it was achieved *without* a resumption of massive military spending. The growth in international trade, high technology, tourism, and the entertainment industry more than made up for the losses in aerospace and defense. "This is a recovery like no other," observed Joel Kotkin of Pepperdine University. "The fundamental economic mix has changed hugely, and it's the kind of change that is positioning the state extremely well for the twenty-first century."

Tourism

The only sector of the California economy able to rival the defense industry during the heyday of the cold war was tourism. And the continuing strength of the tourist industry helped pull the state out of the post-cold-war recession of the early 1990s.

California remained the nation's top travel destination, ranking first among the 50 states in travel expenditures. Travelers in 2004 spent more than $82 billion in the state, providing jobs for nearly a million Californians.

California had been a favorite vacation spot since the late nineteenth century. The term "tourism" was coined in the state to describe the growing travel industry spawned by the railroad and by the success of such resort hotels as the Del Monte near Monterey and San Diego's elegant Hotel Del Coronado. Tourist attractions in California were as various as the diverse interests of the visitors themselves. The five national parks—Yosemite, Sequoia, Redwood, Lassen, and Kings Canyon—remained perennial favorites, as did the countless other scenic attractions throughout the state.

California's top attractions in recent years were almost all commercial enterprises. Heading the list was Disneyland, the nation's premier amusement park, which opened amid the orange groves of Anaheim in 1955. Within a year nearly 4 million people visited the park; by the early 2000s annual attendance had more than tripled. The other leading commercial attractions (in order of annual attendance) were Universal Studios, Sea World, Knott's Berry Farm, and Six Flags Magic Mountain. Visitors to Universal Studios could ride a Disneyesque tram though parting seas, past killer sharks, over a collapsing bridge, around space creatures, and into a roaring avalanche. Sea World opened in 1964 in San Diego's Mission Bay Park, providing visitors a chance to see performing whales, dolphins, and sea lions. Magic Mountain premiered such rides as Déjà Vu, a super-boomerang roller coaster that carried thrill seekers forward and backward over twisting, looping inverted steel tracks.

The growth of disposable income during the boom of the late 1990s boosted travel spending in California to new heights. The state captured 10 percent of the nation's tourist dollars and more than a quarter of all spending by foreign visitors. California tourism, however, was hit by a temporary decline in domestic and international travel following the 2001 terrorist attacks. A drop in the number of foreign visitors caused the most concern. State tourism officials attributed the decline to worldwide anti-American sentiment during the protracted war in Iraq and to the "hassle factor" associated with stringent visa application and airport security measures.

The California Travel and Tourism Commission responded with an aggressive promotional campaign, including a blitz of commercials featuring such California celebrities as Jack Nicholson, Clint Eastwood, and (of course) Arnold Schwarzenegger. Local entrepreneurs pursued specialized niche markets. San Francisco's Golden Gate Business Association, the nation's first gay and lesbian chamber of commerce, distributed a colorful brochure inviting visitors to "Come Out Here." California theme parks opened new and upgraded attractions, strengthening the state's competitive advantage. Magic Mountain introduced Goliath, a thrill ride with a near vertical zero-gravity drop, and Marine World offered Medusa, the tallest, fastest, and longest roller coaster in northern California. Meanwhile, the proprietor of the state's leading tourist attraction, Disneyland, built a second theme park adjacent to the first in Anaheim. The new park, called Disney's California Adventure, represented a $1.4 billion investment and opened in 2001. Barry Braverman, executive producer of Walt Disney Imagineering, explained that the new park was a celebration of