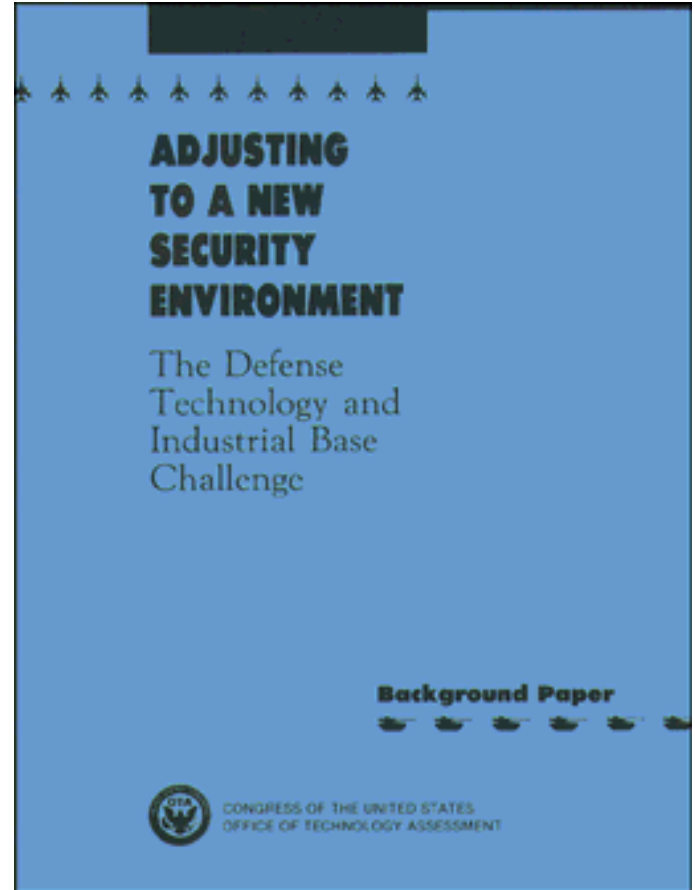


*Adjusting to a New Security Environment:
The Defense Technology and Industrial
Base Challenge*

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Foreword

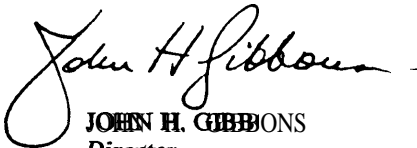
Dramatic political events in Eastern Europe, the Soviet Union, the Middle East, and elsewhere, as well as spiraling Federal budget deficits, have stimulated a fundamental re-assessment of America's national defense posture. The size, form, and purpose of the United States defense forces are all being examined along with questions of how much defense the Nation needs and how much it can afford. While no clear answers have yet emerged, there is a consensus that despite Operation Desert Storm—as long as positive trends in U.S.-Soviet relations continue, U.S. defense procurement during the coming decade will be much less than in the preceding one. As a result, the defense technology and industrial base that develops and produces our military systems is currently in flux, changing in both size and form. This base is a critical component of our national defense.

OTA has been asked by several congressional committees and individual Members of Congress to conduct an assessment of what form the future defense technology and industrial base might take; what form it ought to take; what government policies can do to draw these two together; and how the sweeping changes expected in the base can be managed to minimize adverse economic effects and ensure sufficient future technology and industrial capability to meet the Nation's needs. To set the context for this assessment, this background paper outlines the complex defense technology and industrial base challenges that confront the Nation in adjusting to a new security environment. It examines the role of the defense technology and industrial base in maintaining America's security, and the major factors affecting the country's evolving security posture.

These questions are complicated by a legacy of existing problems and unresolved issues related to the health and management of defense technology and industry, including the acceptable degree of foreign dependence and the desired integration of civil and military industry. While the United States has the opportunity to more fully integrate development and production in the civil and defense sectors, doing so will require difficult choices on how to manage defense production most efficiently in peacetime, crisis, and war. These decisions will force a review and revision of many current acquisition laws and practices.

The final report, to be delivered in the spring of 1992, will build on earlier OTA work to explore the strategies available to the Nation for maintaining an adequate defense technology and industrial base, and the policy options to support these strategies.

In undertaking this background paper, OTA sought information and advice from a broad spectrum of knowledgeable individuals and organizations whose contributions are gratefully acknowledged. As with all OTA studies, the content of this background paper is the sole responsibility of the Office of Technology Assessment and does not necessarily represent the views of our advisers and reviewers.



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Adjusting to a New Security Environment: The Defense Technology and Industrial Base Challenge

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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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The Defense Technology and Industrial Base Challenge

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