

A presentation featured at the

2010 Topical Symposium:

Economic Security: Neglected Dimension of National Security?

Hosted by:

The Institute for National Strategic Studies

of

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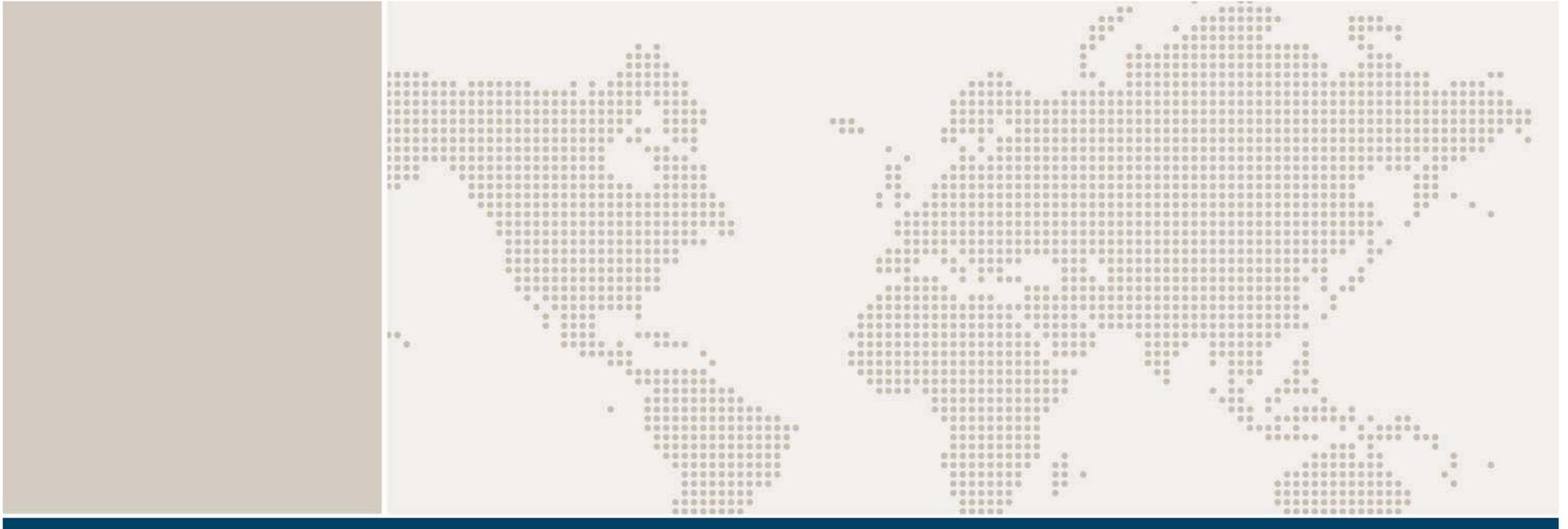
24-25 August 2010

By

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The Economic Element of National Power

**National Defense University Symposium
- Economic Security is National Security
Panel 1: The Economic Element of National Power**

David J. Berteau, Senior Adviser and
Director, CSIS Defense Industrial Initiatives Group
August 24, 2010

CSIS

CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES

Defense-Industrial
Initiatives Group

DoD Economic Impact

- ❖ \$700 billion annual budget outlays**
- ❖ \$400 billion in contracts for goods and services**
- ❖ \$1+ trillion impact on GDP**
- ❖ > 50% of global defense expenditures**

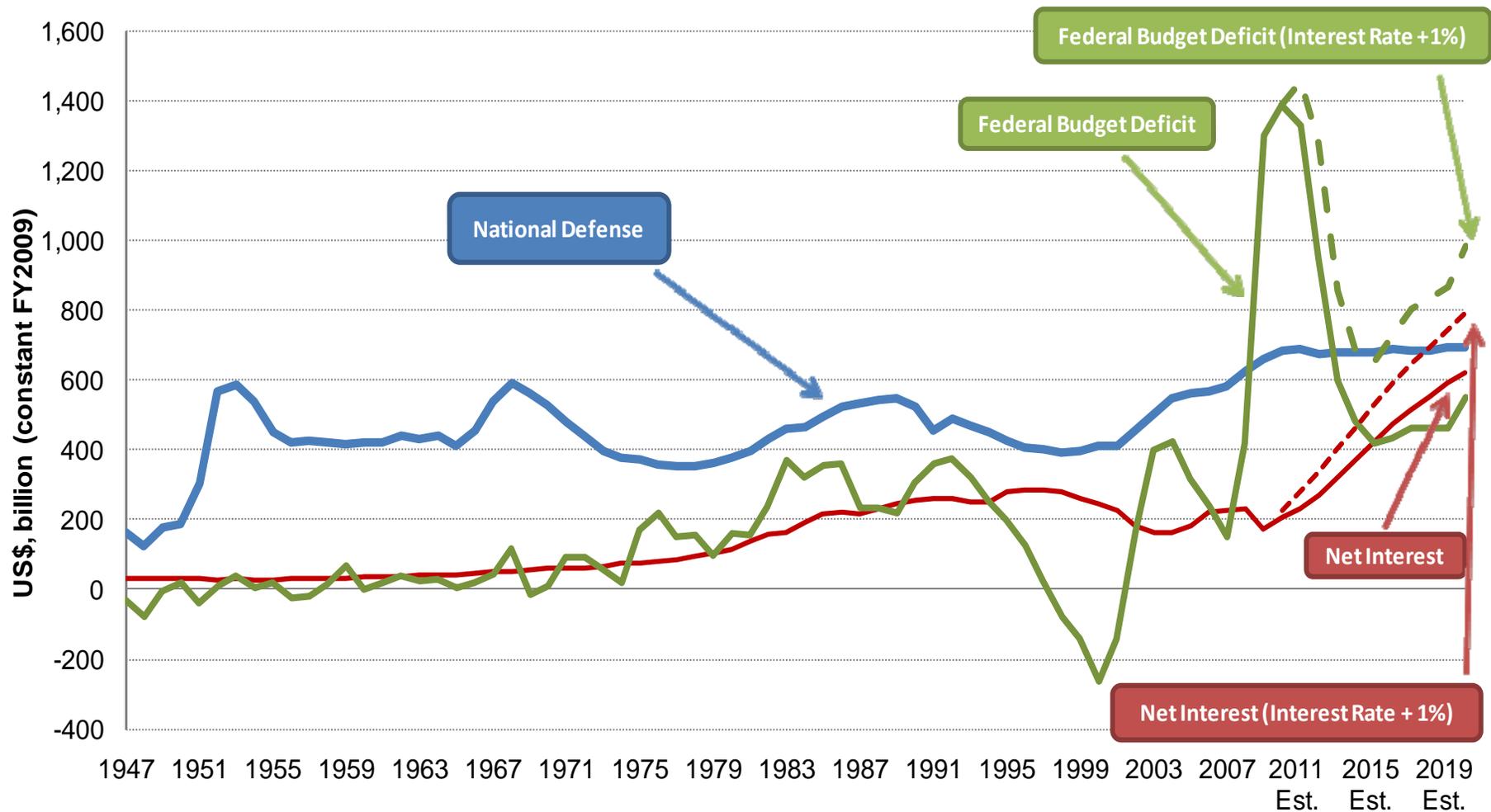
Base Closures

- ❖ **Huge impact on local economy**
- ❖ **Can produce local unemployment >25%**
- ❖ **Long term benefits nearly always outweigh initial negative impact**

Economic Impact of Defense Spending Reductions

- ❖ 1993 Defense Conversion Commission analyzed impact of defense drawdowns**
- ❖ Economic growth solved most impacts**
- ❖ Federal government not good at microeconomic advice**
- ❖ Federal government good at mitigation and assistance for diversification planning**

Defense Outlays and Federal Budget Deficit 1947-2020



Panel 1

The Economic Element of National Power

❖ David J. Berteau, CSIS, Moderator

❖ David Leech, TASC

❖ Steve Brent, ICAF

❖ Jim Locher, PNSR

Backup Slide

Department of Defense Budget Authority 2001-2015

Including Supplementals (Constant FY2011, US\$ bn)

