



A 21ST CENTURY DEFENSE INDUSTRIAL STRATEGY FOR AMERICA

Industrial Capabilities Report January 2021

UNDERSTANDING THE 21ST CENTURY AMERICAN INDUSTRIAL & MANUFACTURING ENVIRONMENT

America's Defense Industrial Base was once the wonder of the free world and the mainstay of peace and freedom for two generations after World War II. Today, however, that same supply chain faces problems that necessitate continued and accelerated national focus over the coming decade.

The issues confronting our Industrial Base can be viewed in the context of four major evolutions stretching over more than a half-century, each of which requires us to accelerate change and reform.



1. The steady deindustrialization of the United States over the past five decades, including workforce and manufacturing innovation.



2. The end of the Cold War, rendering obsolete the assumptions and requirements that drove a legacy Industrial Base aimed at defeating a peer competitor, the Soviet Union.

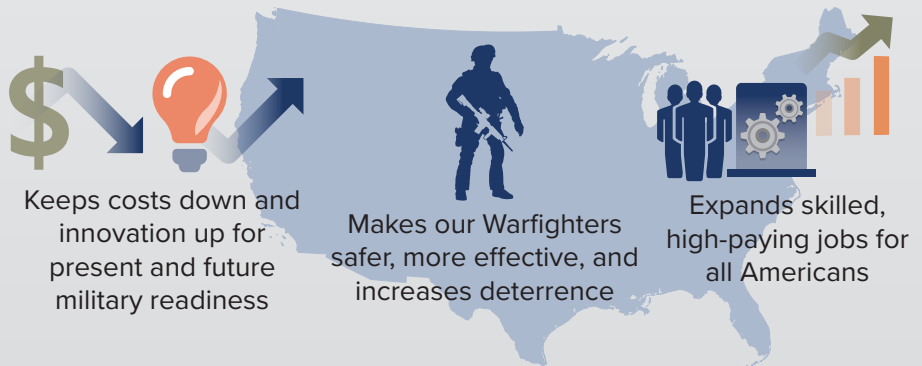


3. The advent of high-tech and advanced digital technology.

4. Rise of China as a dual threat, both military and economic.

R&D FOR INNOVATION, SECURITY, & JOBS

In 2019, the U.S. led the world in R&D spending, but China is rapidly closing the gap. Top defense company R&D is a quarter, proportionally, of what Facebook, Amazon, and Google spend. Congress and the Pentagon must incentivize internal R&D so our defense companies reach their full potential, innovating to reduce our vulnerabilities, increase our security, and support an industrial renaissance to create jobs for Americans.



Keeps costs down and innovation up for present and future military readiness

Makes our Warfighters safer, more effective, and increases deterrence

Expands skilled, high-paying jobs for all Americans

CREATING A ROBUST, RESILIENT, SECURE, & INNOVATIVE INDUSTRIAL BASE

The Industrial Base is the key to preserving and extending U.S. competitive military dominance in the coming century and, with it, deterrence that will keep Americans safe and keep the peace.

1



Reshore more of our Industrial Base and supply chains to the United States and to allies, starting with microelectronics, and restore our shipbuilding base.

2



Build a modern manufacturing and engineering workforce and research and development (R&D) base.

3



Continue to modernize the defense acquisition process to fit 21st century realities.

4



Find new ways to partner private sector innovation with public sector resources and demand.