



Center for Strategic and Budgetary Assessments

STUDIES

Sustaining Critical Sectors of the U.S. Defense Industrial Base

September 20, 2011 | **Barry Watts, Todd Harrison**

This monograph focuses on two main questions concerning what is most accurately described as the “military-industrial-Congressional” complex. First, does it function like a normal free market in which the forces of supply and demand—Adam Smith’s invisible hand—can be relied upon to allocate resources efficiently, encourage innovation, and exhibit the kind of price sensitivity evident in commercial markets such as consumer electronics? Second, what has been the Department of Defense’s approach to sustaining a strong, technologically vibrant and financially successful domestic defense industry?