

ATMOSPHERICS

12.08.23

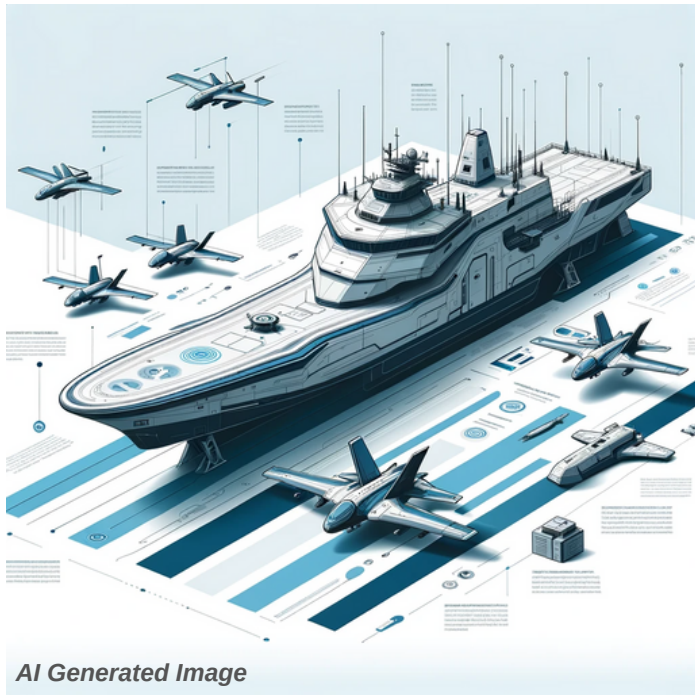
DEFENSE INDUSTRIAL DUOPOLY



Bottom Line Up Front:

- "Defense Industrial Duopoly" in which large, military industry corporations alongside special interest groups are dominating the military industry, leading to innovation stagnation, missed quotas, and, ultimately, compromised National Security.
- Competition is an indicator of the necessary industrial capability and capacity to deliver the systems, key technologies, materials, services, and products the DoD requires to support its mission.
- Additionally, insufficient competition may leave gaps in filling these needs, remove pressures to innovate to outpace other firms, result in higher costs to taxpayers as leading firms leverage their market position to charge more, and raise barriers for new entrants.

TECHNOLOGY



“ The prevailing defense landscape, dominated by rigid monopolies, struggles to adapt to rapidly evolving threats. This necessitates a fundamental shift towards a decentralized model empowered by AI. This paradigm shift fosters an ecosystem of agile innovators, unburdened by the inertia of the past. By harnessing the transformative potential of AI and unleashing the collective ingenuity of a decentralized force, we can forge a future where national security is not dictated by the iron grip of the few, but rather by the collaborative spirit of a nation united in purpose. “ - Google Bard

The defense industry faces a critical choice: remain bound by traditional, slow-moving monopolies or embrace the transformative potential of AI and decentralization. This is not just about technology; it's about safeguarding national security in the face of rapidly evolving threats.

Currently, a handful of large corporations control the defense industry, stifling competition and innovation. This leads to inflated costs, delays, and a technological deficit. This slow-moving system cannot address the dynamic nature of modern warfare, where cyberattacks and drones demand rapid adaptation.

AI offers a game-changing solution. It can revolutionize everything from intelligence analysis to autonomous systems, empowering smaller companies to develop innovative solutions at lower costs. This democratizes defense technology, fostering competition and ultimately bolstering national security.

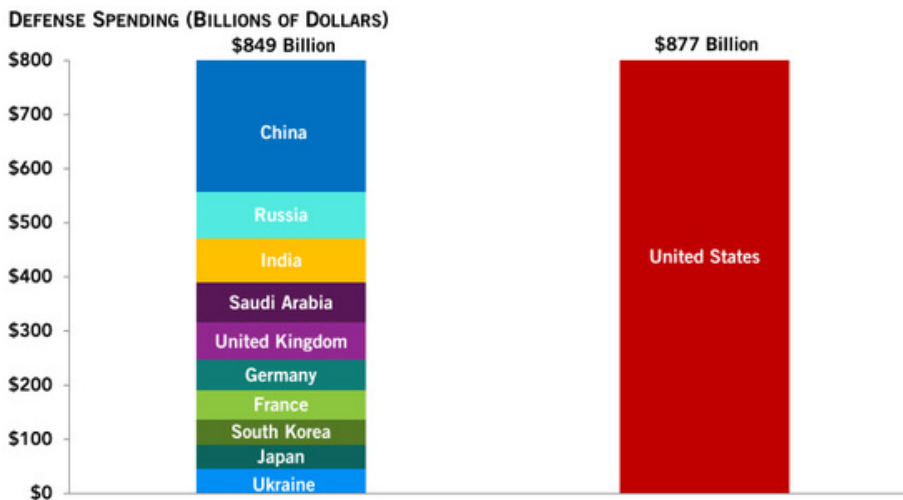
Decentralization is another key to unlocking innovation. By empowering individuals and smaller entities, we tap into vast pools of talent and expertise. This promotes rapid prototyping, experimentation, and adaptation, crucial for staying ahead of evolving threats.

Breaking from monopolies won't be easy. Entrenched interests will resist, and navigating the complex regulatory environment will be challenging. However, the benefits are too great to ignore. We must encourage risk-taking, incentivize small businesses, and reform procurement practices. We must also invest in research and development while creating a regulatory environment that fosters competition without compromising security.

Embracing AI and decentralization will unlock a brighter future for the defense industry. Imagine a future characterized by rapid innovation, agile responses to threats, and a more robust national security posture. Imagine a future where collaboration thrives, solutions emerge quickly, and our nation is prepared for any challenge. This is the future that awaits us when we break free from monopolies and embrace the transformative power of AI and decentralization.

SENTIMENT

PETER G. PETERSON FOUNDATION The United States spends more on defense than the next 10 countries combined



SOURCE: Stockholm International Peace Research Institute, SIPRI Military Expenditure Database, April 2023.
NOTES: Figures are in U.S. dollars converted from local currencies using market exchange rates. Data for the United States are for fiscal year 2022, which ran from October 1, 2021 through September 30, 2022. Data for the other countries are for calendar year 2022. The source for this chart uses a definition of defense spending that is more broad than budget function 050 and defense discretionary spending.
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Sentiment analysis for defence duopoly:

Cost Implications: Public opinion turns negative if higher costs associated with a defense duopoly are seen as wasteful and inefficient, while positive sentiment will ensue if it provides reliable and effective defense solutions.

Innovation and Technological Advancement: When the public believes that a defense duopoly impedes innovation and technological progress, sentiment becomes negative. Conversely, positive sentiment is generated when it can be shown that these companies invest in cutting-edge technologies which strengthen national security.

Choice and Diversity: Public sentiment turns negative when there is the perception that a defense duopoly limits options and diversity in defense capabilities, while on the other hand if seen as providing high-quality and diverse solutions, public perception changes positively.

Dependency Risks: Dependency risks create anxiety about national security, but depending on its perceived reliability it creates positive sentiment as well. When seen as reliable enough for defense needs this duopoly actually creates positive reactions among some segments.

National Security Concerns: Public sentiment depends heavily on perceptions of how a defense duopoly impacts national security. When there are worries over foreign influence or vulnerabilities, sentiment turns negative; on the other hand, positive associations emerge when perceived enhancement of defense capabilities leads to positive associations with this duopoly.

Global Competition: When the public prioritizes global competition and diversity among defense suppliers, a duopoly creates negative sentiment among members of the US public; conversely, positive feelings emerge when it was seen as providing reliable and advanced defense solutions worldwide.

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