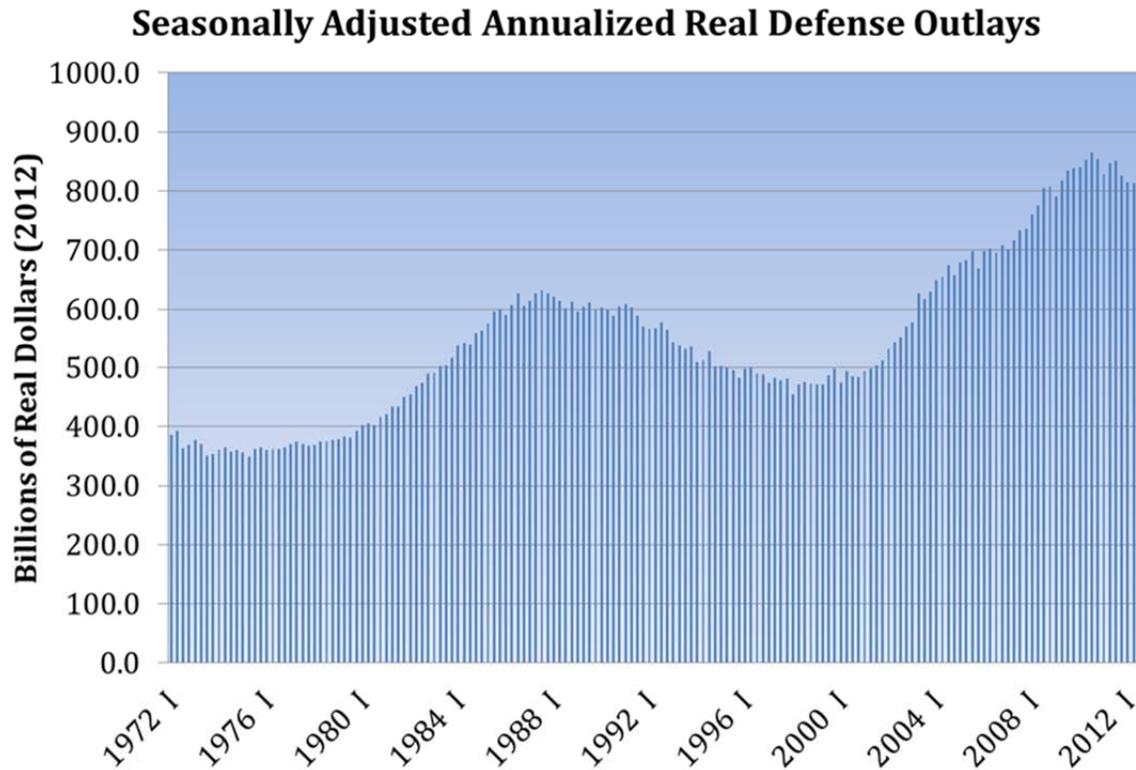


Figure 2.1 Cycle of National Defense Spending



Source: Bureau of Economic Analysis, HRPDC

Why is it important?

Defense expenditures in Hampton Roads are closely tied to federal defense outlays. National defense spending has a direct impact on the regional economy.

How are we doing?

National defense spending increased during the Reagan administration and fell during the collapse of the USSR. Defense spending began increasing again around the turn of the century, helping Hampton Roads to avoid recession but has contracted recently in real terms as a result of the U.S. fiscal challenges.