

neither desirable nor necessary that the preparation of conversion or adjustment programs be postponed until there has been a decision to close a base or to cancel particular contracts. Many communities, and many private groups within such communities, have, of course, already begun to consider such programs.

Diversification of the local economic base is one of the most effective ways of offsetting the possibly adverse economic results which can follow the curtailment of a defense-related activity in a community. Often, defense facilities can be adapted to new uses; other circumstances may favor the development of local business opportunities unrelated to the defense facility.

Roswell, N. Mex., is an example of a community where leaders, recognizing their heavy dependence on payrolls from a nearby Air Force base, took the initiative in reducing this dependence.

Community leaders approached the Office of Economic Adjustment of the Department of Defense in early 1963 requesting assistance in planning to cope effectively with any possible major reduction in employment at the base, even though this was not anticipated for many years. Other Federal agencies assisted in plans for community development. The city of Roswell employed consultants to analyze its business and industrial potential, and has now drawn up a land-use and development plan. These projects are expected to bring Roswell a more diversified economy—one which will enable it to adjust more easily to any necessary future changes in defense programs.

Diversification may not always be possible, because of the special nature of the defense activity or the unique characteristics of the community. Also, in some situation, it may be unable fully to offset the effects of a defense curtailment. Nevertheless, the provision of reemployment opportunities in place offers such obvious advantages in minimizing personal disruptions—as well as holding down the adverse consequences for retail trade, for real estate and mortgage markets, and for public and private institutions—that its possibilities should be fully explored. Particular attention should be given to identifying the types of resources presently employed on defense work, including subcontracting, and to determining the economically sound alternative uses for these resources.

The various departments and agencies of the Federal Government which administer the programs described in this and the preceding chapters stand ready to be of assistance in advance community planning. The Committee is encouraging the appropriate Federal agencies to prepare and make available detailed case studies of successful diversification efforts, and information manuals concerning the analytical and program resources that can be brought to bear by communities in their planning efforts.

*The Committee thus recommends that communities heavily dependent upon a defense establishment begin as soon as possible to explore fully the feasibility of economic diversification programs to minimize vulnerability to defense program changes, and to provide maximum reemployment opportunities locally.*

To assist in such exploration by communities, the Committee recommends that procurement regulations should include as an allowable expense not only diversification planning by defense contractors (as at present) but also the expenses of the contractor's participation in community diversification planning.