Statement of

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Secretary Elizabeth Dole and I want to thank you for this opportunity to express the Department's position on efforts to stimulate a vigorous commercial expendable launch vehicle industry. This industry can serve a crucial role in providing the United States and its citizens with reliable access to space. While the government has a role in stimulating its growth to compete with subsidized ELV systems in other countries, our most important task will be to stay out of its way, to unleash the forces of a free market.

Recognizing the contribution ELV technology and its industrial base makes in preserving America's preeminence in space, the President and the Congress laid the groundwork for an independent commercial ELV industry in 1984. Since the initial decision, the Department of Transportation has worked to develop the regulatory framework for commercial space launch operations. This fall we plan to complete our licensing guidelines. We have continued steady research to support safety standards, including the development of third party liability requirements. Now additional steps must be taken to provide a climate in which a US commercial ELV industry can develop and take its place in the international marketplace.

As you know, America's aerospace industry has been manufacturing and launching unmanned rockets for more than 25 years. For most of that time, private companies (under contract to NASA) provided the means for placing hundreds of satellites into orbit. Their

operations, however, were scaled back as the government chose to place primary reliance on the shuttle.

Our discussion today is prompted by the recognized need to relieve the shuttle of this burden. The members of this subcommittee are well aware of the profound impacts of last January's Challenger accident. It will be 1988 before the shuttle fleet is operational again. And when the shuttle does begin flying, it will be at a more conservative launch rate. This creates a backlog that will be with us well into the 1990s, and could delay other critical NASA missions such as the space station.

Fortunately, the United States can tap the private sector to augment its crippled launch program with highly reliable unmanned rockets and well established manufacturers and launch teams. Newly built commercial ELVs will enable us to "fly off" the backlog at a much more rapid pace. By the early 1990s, the industry can supply up to 41 launches per year: 10 Deltas, 17 Atlases, and 14 Titans. While demand may not warrant the full production capability, each of the responsible companies feels it can compete successfully selling many fewer launches per year.

Some of the missions scheduled to fly in the next six to ten years require a manned presence or the unique capabilities of the shuttle, but other payloads can be flown on ELVs. The Department of Defense has already taken steps to launch some backlogged national security missions on ELVs. As another part of the Administration's effort to develop a strategy for recovering from the Challenger accident, we are taking a close look at what other payloads could be launched on unmanned rockets. Our efforts will bring about a balanced transition to a mixed fleet of manned and unmanned vehicles, with greater reliance on private sector launch services.

Clearly, the United States must provide reliable access to space for <u>all</u> users, including those requiring manned vehicles.

Progress in space will always depend on the human presence -- whether to perform research, to observe the effects of the space environment on people and materials, or to respond to unanticipated problems and developments.

Only a mixed fleet of both manned and unmanned vehicles will ensure reliable access to space. We must reserve our most limited -- and therefore most valuable -- resource, the shuttle, for those activities that require its special capabilities. Consequently, we must rely to a far greater extent on ELVs for those missions that don't require the presence of man. They will provide the additional capacity to expand our fleet as demand requires.

The elements for commercial success exist, and have led major aerospace firms to conclude that the industry can be profitable. Two factors have inhibited the development of this industry. First, historically the government has dominated the space launch business by assuming all the risk and paying all the bills. Second, the industry has been unable to compete with heavily subsidized U.S. Government systems. Consequently, it is essential for the U.S. Government to send the industry a clear signal that it will no longer insist on a government monopoly.

We believe that an active and profitable commercial space transportation industry can develop in the very near future; on the other hand, any further delay in adjusting U.S. Government policies will leave this business wide open to foreign launch services and leave the U.S. at a dangerous disadvantage while the shuttle program is recovering.

In response to the committee's proposed legislative initiatives, we offer the following:

While the U.S. Government is not in the practice of reneging on contracts, the worst, most unrealistic message the government can send the satellite industry is that shuttle launch capacity will

exist to carry all pre-accident payloads for which a commitment of some sort was made. By NASA's estimate, that capability, even assuming a replacement orbiter, does not exist. In light of this situation, the Administration is formulating a final policy for fulfilling its commitments. A few payloads are shuttle unique, but most can be adapted to expendable launch vehicles.

The Committee's 1984 action to encourage the use of national ranges by charging "direct" cost to commercial users was a valuable contribution. It is unclear what is accomplished by substituting the word "additive." Again, a clear, understandable government policy is what the ELV industry needs most.

The government's ability to exploit the opportunities that space provides has been constrained by the Challenger accident. Additional launch capacity will be required as a complement to the shuttle fleet. We agree with Dr. Fletcher's judgment that it would be a mistake to legislate numbers of vehicles required to launch government payloads. We further advocate that, to spur the development of a commercial industry, NASA meet its requirements by relying on commercial launch operators and not seek to develop its own ELV fleet.

We commend the Committee for developing creative approaches to stimulate a private sector launch industry. Secretary Dole looks forward to working closely with this Committee over the next several months to develop this industry as a crucial element in our space program.

I would be happy to answer any questions you might have.