



**Remarks of Jeffrey N. Shane
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It is a special pleasure to be here today to help mark the Twentieth Anniversary of DOT's involvement in commercial space transportation.

My first observation on this important occasion is probably predictable: Those twenty years sure went by quickly!

It really doesn't seem very long ago. The Reagan Administration learned in 1983 that the embryonic commercial space launch industry was being strangled by a well-intentioned but hopelessly complicated regulatory process. As I recall it, a commercial entity proposing to conduct a launch required clearance from not less than 17 different federal agencies, none of which ever talked to each other.

When the issue was first spotted, we did what any self-respecting administration would do: We started having meetings about it. A small group of us, led by a very determined Secretary of Transportation, Elizabeth Dole -- and including our current Federal Transit Administrator, Jenna Dorn -- began to formulate a rationale for creating a one-stop-shop for the industry at DOT. We had been players, after all, in the deregulation of most traditional modes of transportation: commercial aviation, railroads, and trucking. Time to apply our prowess to the world's newest mode: *space* transportation.

We soon found ourselves in a horserace, however, with the Department of Commerce. Commerce had a different take on the issue: What the commercial space industry needed, they said, was a more effective champion in government. Because championing U.S. industry was Commerce's stock in trade, they were the logical locus of the newly centralized responsibility for commercial space.

We were all pretty excited about this new sector, and so the rivalry got pretty intense – so intense, in fact, that by 1984 it finally required President Reagan to make the choice himself.

I was a lawyer in our General Counsel's office when it all started, and I remember writing a lot of memos about why DOT would be the best home for the commercial space industry. Maybe that's why Secretary Dole invited me to join her when she went to the showdown meeting with the President. It was my first time in the West Wing, and certainly the first time I'd been in the same room as a President of the United States. That it happened to be the Cabinet Room was even more amazing.

The Cabinet officers were all milling around when suddenly the big door from the Oval Office opened. President Reagan strode in and immediately sat down at the table. He must have been early because it seemed to me that the Cabinet members actually scurried to their seats – like kids in study hall when the principal suddenly walks in.

The Cabinet Secretary quickly summarized the issue. There would be presentations, he said, by Transportation Secretary Dole and by Commerce Secretary Malcolm Baldrige. President Reagan, ever gallant, asked Secretary Dole to go first.

Now I have seen a lot of impressive advocacy in my time, including a number of Supreme Court arguments. But nothing compares with the *tour de force* that Elizabeth Dole delivered before President Reagan that morning. Without a note in front of her, she ticked off, simply and clearly, every conceivable argument in favor of locating the commercial space function at DOT.

I was sitting behind her, against the wall. She turned to me and asked whether I knew of anything she might have left out.

Whenever a staff person is called upon to speak at a Cabinet meeting, it is customary to stand. So I stood up.

Now I am going to blow my own horn here, so please indulge me. Standing there in the White House Cabinet Room, directly across from the President of the United States, in front of all those other Cabinet members, with everyone's eyes riveted on me, I mustered the most astute answer I have ever delivered in my entire professional career:

“No, ma'am,” I said, and sat down.

Because Secretary Baldrige was the chair of the Cabinet committee that was assembled for this meeting, he felt it would be more appropriate to ask one of his subordinates to make the case for the Commerce Department. An assistant secretary stood up and did a nice job. It was a crisp, clear, competent presentation. It was also no contest.

The meeting ended. The President returned to the Oval Office with Ed Meese, who at that time was head of domestic policy in the White House. Five minutes later Mr. Meese came out and saw me. “Where’s Elizabeth?” he asked. I said she had left to give a luncheon speech somewhere. He said he’d call her in the afternoon.

He did, and we learned that DOT indeed would be the new home of the Office of Commercial Space Transportation. As you can imagine, there was exultation in our normally quiet hallways.

And here’s the best part. That very same afternoon – as soon as President Reagan’s decision was announced – we received a call from the Department of Commerce. The first thing they said was “Congratulations.” The second thing they said was, “What can we do to help?” Commerce was, and is, a very classy department. They have been squarely in the industry’s corner ever since.

Sorry to spend so much time on these adventures in the bureaucracy. But for those of us who spend most of our time in government, that’s about as good as it gets.

I’m sure that Jenna Dorn, whom Elizabeth Dole appointed as the Office’s first director, and Courtney Stadd, who came sometime later, will have their own thoughts about the genesis of what we now call “AST.” But let me share some thoughts about the role of the commercial space sector today, and why we continue to attach such importance to it.

Part of our problem at the outset was that the connection between space and the civilian transportation sector wasn’t obvious, perhaps because the roots of our launch industry are so embedded in our military, and in NASA. Frankly, it’s still a challenge. I can sense it when I try to explain in public fora the value of space to civil transportation and to the U.S. economy.

But it’s getting easier. The most obvious connection, of course, is our Global Positioning System. Transportation professionals would have great difficulty imagining life without GPS. That’s why the Department of Transportation is working more closely with the Air Force today than ever before to ensure that the transportation sector has a meaningful seat at the GPS modernization table.

That’s also why DOT is playing so visible a role in the Administration’s Spectrum Task Force, which is developing a framework for reforming how the government manages radio spectrum used by the military and civil communities. Without the assurance of “clean” spectrum for transportation specific applications – most importantly GPS – the safety and efficiency of our transportation system would be compromised. It is fair to say, in other words, that space transportation is essential today to our ability to ensure a safe, reliable, efficient transportation infrastructure, and thus essential to our very economic well being. It’s as simple as that.

Let me underscore the importance of safety in the Department of Transportation's mission. Ensuring safe transportation is what animates every DOT Secretary, and I know personally how important it is to Norm Mineta. It is also the single most compelling theme for Marion Blakey, our FAA Administrator, and of course for Patti Grace Smith, our Associate Administrator for Commercial Space Transportation. At all times, the utmost priority in regulating launch activity is maintaining the safety of the public. The impeccable record of zero significant commercial space launch accidents is eloquent testimony to the Office's devotion to that objective.

But AST's mission is not only to ensure the safest possible launch and re-entry operations; it is also to promote U.S. commercial space transportation. True to the vision that led President Reagan to create the new office, AST has streamlined the licensing of commercial launches. It removes barriers to new entrants and conveys information about the market to the public.

The FAA has made important strides in the past year in developing clear definitions of a suborbital rocket and suborbital trajectory, which help new entrants figure out more easily what kind of regulatory support they need in order to conduct operations.

One of the most important focus areas for AST today is its support for the emerging suborbital reusable launch vehicle market, and for an orbital RLV industry in the future. AST is currently reviewing license applications to conduct RLV operations. That was one of the activities we hoped, twenty years ago, that the Office would be able to facilitate.

AST has also studied with great care the implications of regulating an industry that now wants to carry paying passengers into space and back using reusable launch vehicles.

At the same time, AST has stepped up its support for expendable launch vehicle operators by opening an office at Patrick Air Force Base, in Florida. It has also added an Air Force representative, Lt. Col. Austin Jameson, to the AST headquarters staff, thereby building even further on AST's partnership with the Air Force.

In the next year, we expect to see a winner of the X Prize competition to launch a privately-financed vehicle capable of carrying three people to 100 km, returning safely to Earth, and completing the same feat again within two weeks. The ultimate result of this contest will not be just a single winner of the \$10 million prize, but a big win for all of us in our quest to open the space market to new and profitable possibilities.

But it would be a mistake to pretend that the industry is not confronted with some serious challenges. Back in 1984 we made a lot of guesses about what the industry would look like in the course of the following two decades. But none of us imagined that, on the Twentieth Anniversary of the Office of Commercial Space Transportation, we would still be talking more about the potential for a vibrant, vital commercial space launch industry than about its realization. But that's what we are doing.

Like the post-9/11 airline industry, space transportation has suffered financially during our economic downturn and our homeland security crisis. The airlines are beginning to turn around their balance sheets, however, and with greater security safeguards in place worldwide and a rebounding economy, business and leisure passengers are returning to the skies. It is already clear that, unless we act now, increasing demand for air travel will begin again to outstrip the system's capacity, with potentially debilitating effects on our national economy. That's why Secretary Mineta announced last month that, even as the FAA continues to make critical incremental improvements to the system in the near term, he has launched a major new multi-agency undertaking to triple the capacity of our aviation system over the next fifteen to twenty years. Global communications, navigation and surveillance are more critical to safety and security today than ever before, and those requirements will only increase in the future, driving a concomitant increase in the demand for space-based services. Not surprisingly, NASA is a key partner in the new "Next Generation Air Transportation" initiative.

Similarly, the President's historic announcement last month of a new vision for the Nation's space exploration program was profoundly important. I am certain you have seen the materials released with the President's message, and so you know that one of the objectives of the initiative is to promote commercial participation – including participation through the provision of transportation and other services – in supporting the International Space Station and in exploration, all in the interest of furthering U.S. scientific, security, and economic interests.

Perhaps Secretary Mineta put it best a few weeks ago when he said, "For the President's new space initiative to succeed, it must involve the private, commercial space sector. It is the entrepreneurial American spirit in the private sector that is creating groundbreaking technological advances."

Secretary Mineta and everyone on his team have complete confidence that the U.S. launch industry, which has provided reliable commercial transport to orbit for nearly twenty years, is prepared to meet the needs and challenges of this exciting new national commitment. Government will reap tremendous benefits from industry's input and contributions, whether it is for transportation of cargo and supplies to the International Space Station or for the design of vehicles capable of carrying humans to the Moon, and yes, even to Mars.

The President was absolutely right in calling attention to the importance of space transportation to the quality of our lives, and even to the very quality of our national spirit. He understands that public awareness and understanding are essential to the popular support these programs require. The potential opportunities created for the commercial launch sector by the initiative cannot be overstated, and they bode well for the next twenty years of this great industry.

Many of us already have a destination in mind for the next twenty years of commercial space transportation. It is a vision of routine, low-cost, and safe commercial access to space. Your friends at AST are dedicated to the realization of that vision, and will work with you to make it happen.

But it will take hard work and savvy management. In that connection, I hope you will use this conference as an opportunity to share your unvarnished views and comments on the regulatory process as managed by AST and its partner agencies. I can assure you that none of us thinks it's perfect. I also hope that AST's links to industry through the Commercial Space Transportation Advisory Committee and other partnerships will produce the feedback we need to ensure that we are doing what is right and necessary in the interest of this nascent industry. I can tell you, because he so often tells me, that Secretary Mineta cares deeply about the commercial space launch industry and about AST, and he wants to know what we can do to serve you better. That's why we are all grateful to you for taking the time to be with us at this important conference.

Many thanks for the opportunity to share these thoughts with you this morning.

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