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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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National Security Council Meeting
May 15, 1986, 2:30 p.m.- 3:30 p.m., Cabinet Room

SUBJECT: U.S. Space Launch Capabilities (U)

PARTICIPANTS:

The President

The Vice President's Office:
Craig L. Fuller, Chief of Staff
Donald P. Gregg, Assistant for
National Security Affairs

State:
Secretary George P. Shultz
Under Secretary William Schneider

Treasury:
Deputy Secretary Richard Darman

Defense:
Secretary Caspar W. Weinberger
Secretary of the Air Force
Edward C. Aldridge

Justice:
Acting Attorney General Arnold Burns
T. Kenneth Cribb, Counselor to the
Attorney General

Commerce:
Secretary Malcolm Baldrige
Robert Brumley, Deputy General Counsel

Transportation:
Deputy Secretary James Burnley
Madeline Johnson, Director, Office
of Commercial Space

OMB:
Director James C. Miller
Randall Davis, Associate Director for
Natural Resources, Energy and Science

CIA:
Director William J. Casey
James Hirsch, Associate Deputy Director
for Science and Technology

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CEA:
Chairman, Beryl W. Sprinkel

JCS:
Army Chief of Staff,
General John Wickham
Lt General John Moellering,
Assistant to the Chairman, JCS

OSTP:
Acting Director, John P. McTague

NASA:
Administrator James C. Fletcher
Deputy Administrator,
William R. Graham

White House:
Mr. Donald T. Regan
Admiral John M. Poindexter
Mr. Larry Speakes
Mr. David Chew
Mr. Richard Davis

NSC:
Mr. Rodney B. McDaniel
Colonel Gerald M. May

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Authority M08-737-131
BY CW NARA DATE 9/24/17

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA CW DATE 9/24/17

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Admiral Poindexter opened the meeting and gave a summary of the interagency group deliberations that have gone on since the Challenger accident on January 28, 1986. He then introduced Col Gerald May, Director of Space Programs on the NSC Staff, who provided a summary of interagency group findings (Tab A). Colonel May was followed by James C. Miller, Director, OMB, who provided a briefing on the timing and method of funding the U.S. space launch recovery plan (Tab B).

Dr. Fletcher was recognized by Admiral Poindexter following the briefings and he noted that due to the short term of his being NASA Administrator, he had not had an opportunity to review all considerations for restoration of NASA space launch capabilities. He spoke to an option that procured a new orbiter by 1990 vice 1991. He urged a decision be made to begin assembly of the three remaining Delta rockets in storage and spoke to the urgent need for a decision to restore space launch capabilities to preclude a greater increase in the backlog of satellite traffic. He mentioned that he would respectfully request a few more days time to review the NSDD because comments required more NASA evaluation. He ended by saying more ELVs were absolutely essential.

The President said he understood the space launch problem. He mentioned his conversations with President Soeharto of Indonesia. He indicated his support for President Soeharto's requirement for a new communications satellite and promised he would look into it. The President then found that after making that promise, the NASA Delta rocket had been destroyed at launch and regarded that as a serious problem to the people of Indonesia. He noted President Soeharto's requirement was based upon dispersion of the Indonesian government among 13,000 islands in the Pacific and assured President Soeharto that we would try to help him before the first of the year.

Dr. Fletcher indicated that both Indonesia and India have a clear requirement for replacement satellites and that they ought to be launched using ELVs. He indicated we should get on with it. Dr. Fletcher went on to say we could fly the next orbiter in July 1987 and that it is not technology that is keeping us from flying, it's dollars. He would like to provide an input to the policy decisions that need to be made (referring to the NSDD) but believes that the first order of business is to get on with an orbiter purchase. He said they may be able to squeeze more out of the NASA budget, but there is not much left. Delaying a decision to get the orbiter and choosing an orbiter that flies in 1991 instead of 1990 may leave the wrong message with Congress and the people of the United States, and make them think we are not serious about replacing the orbiter.

Secretary Weinberger said, in response to the OMB briefing, that "It seems like old times. I thought Miller time was a new time." The Secretary went on to say that the DOD has already "given at the office" in an amount totalling approximately \$30B. Space-flight is vital to the DOD but noted that we have a commitment to

the Gramm-Rudman legislation. The question is which is more vital, Gramm-Rudman or a new launch capability? He indicated it is difficult to keep finding dollars in the DOD budget without doing damage to other DOD programs.

The President acknowledged that he had spoken to someone in another government department who had given between \$900M and \$1B and understood the difficult adverse effect in coming up with the money.

Admiral Poindexter identified the major issues: (1) whether to start space launch reconstitution efforts in 1986 or 1987; (2) to determine what the offsets were; and (3) to await a decision on commercialization. He indicated the present policy was clear, but the interagency process has had difficulty in moving forward because of these three issues.

Deputy Secretary of Transportation Burnley commented that transportation systems generally, and space systems specifically don't have a broad base as do other programs in the government. The Titan-34D production line will close down this year unless we make a decision soon about requiring more. The same is true of the Delta and the Atlas Centaur lines. He noted that a lot of folks in the private sector maintain they are ready to go. They say they want a clear signal from the government to proceed with commercialization but this raises the issue of how to handle NASA contracts. He observed that the Department of Transportation believes those existing contracts that NASA currently has should be off-loaded to the private sector. He reminded the Council that the Chinese just picked up two launch contracts this week. A further concern he had was the allegations of launch pressure on NASA. He indicated that establishing a commercial capability now would remove that pressure. He indicated we could not leave the commercial booster industry "hanging." We needed to keep satellite launch business in this country. He proposed that a date of October 1987 be established to put NASA out of the competitive commercial business.

Secretary Baldrige indicated that it was not clear to him that there is commercial business here that would demand a U.S. commercial capability. However, he believed a clear statement that there would be no further competition from NASA was required. In addition, he believed the government should undertake measures to assure that the sunk costs in launch pads could be exploited and that the launch ranges should be made available to be usable by the commercial industry at reasonable prices.

Dr. Fletcher agreed that we need to move ahead even if it were only with a decision to procure a new orbiter. He said decisions would be very helpful for the satellite manufacturing industry since some of them are designed only to fly the Shuttle. He stated that NASA agrees with everything that has been said and would like to work with everyone to assure that a commercial capability can be fostered, but we should move to build a Shuttle

orbiter earlier rather than later. He reiterated that he agrees in principle with DOT and DOC.

Secretary Shultz indicated that Indonesia needed their spacecraft launched at least by January 1987 and hoped that we could find a way to support this country's foreign policy that involved support to that launch.

Secretary Weinberger noted there were offers from private individuals and corporations to build a new orbiter and that if it were possible to build an orbiter without the upfront governmental costs, it would be very attractive. He indicated if some companies in this country could build an orbiter and provide it to support our national security and governmental programs he would like to see it done. He went on to say that he had a feeling that the concept of a privately funded orbiter was not popular because of a natural resistance to farm out government business to contractors.

Mr. Regan asked if we were scuttling the NSDD that states the STS is the primary method of launch into space. Admiral Poindexter responded that we were amplifying and updating policy.

Mr. Regan asked "what do we use for launch policy then?"

Secretary Weinberger indicated that the updated policy is designed to avoid the risk of being dependent upon a single system and to provide assured access to space.

Mr. Regan asked that since we are not now launching, how much money was being saved. The answer was that none was being saved. Under Secretary of the Air Force Aldridge responded by saying expenditures are on-going even though no launches are occurring. Payment of funds pay NASA and contractors for purchasing long-lead supplies and items needed to support future launches.

Mr. Regan then inquired how much had been paid?

Under Secretary Aldridge indicated that it was approximately \$600M since the launch failure of the Challenger.

Mr. Regan again asked Dr. Fletcher what he had done with the money. Dr. Fletcher indicated he spent it.

Mr. Regan wanted to know how much had not been expended and Dr. Graham of NASA responded by saying all of the money had been spent or obligated for DOD launch preparations and purchases of equipment.

Mr. Regan asked how much money had been spent in 1987 funds. Dr. Graham responded that \$600M had been spent on long-lead time components for launch.

Secretary Aldridge added that is the way we do business today for short term standdowns like this and expenditures are the same whether we launch or not.

Mr. Regan noted he did not have enough information to make a good decision and wanted to know if the monies allocated for a new orbiter would be for an advanced system or an orbiter like the last one that was built. He questioned what the follow-on capability would be.

Admiral Poindexter responded by indicating that a study was on-going jointly chaired by DOD and NASA that examined a follow-on advanced capability and would be completed in June or July of 1986. This study would look at and recommend what ought to be done for the foreseeable future.

Mr. Regan indicated he needed to understand if we could do it cheaper with ELVs.

Admiral Poindexter responded that a healthy, robust launch capability was dependent upon both ELVs and an orbiter.

Mr. Regan indicated he believed it might be less expensive to fly ELVs and he understood that a healthy, robust system required a sufficient number of ELVs to launch our requirements.

Secretary Weinberger indicated that large booster systems like the Shuttle and CELVs were required because our satellites are very large and heavy. While he could not get into the classified systems, he noted that it is appropriate to say that we would lose the capability to fly these systems without a heavy launch capability.

Secretary Shultz indicated his uneasiness also. He noted we were trying to reach conclusions and were uncomfortable with the data that they knew at that time. He said that while it was clear that we had to have launch systems promptly, the major consideration is that national security interests are extremely important. He noted that the squeeze on DOD was terrific. While he understood the priority to reestablish a launch capability, the real question was where to get the money. In spite of all else, he noted we have to go ahead. On the subject of commercialization, Secretary Shultz noted competition was very fierce but that other nations are able to compete because launch programs are being subsidized by government funds in these foreign nations. We may find we will have to work with these other countries since they have the capabilities that we need. It may be good for foreign policy.

Mr. Regan pointed out that this system would cost the taxpayers nearly \$8B with no help from booster manufacturers and this was of concern. He pointed out that we were building redundancy in capability but knows that this is a critical need not a backup system.

Admiral Poindexter verified that the backlog of mission opportunities to fly spacecraft is continuing to grow the longer we standdown. He pointed out that we were losing capability on launch systems that could not be replaced.

Mr. Svahn noted that restoration of the ability to launch was required and he is pleased to see everyone agree, but we will not be able to catch up if we don't start launching soon. He suggested we decide a date certain that NASA gets out of the business of competing and move on to approve the production of 25 ELVs and select the date certain for commercialization.

Secretary Weinberger pointed out that we needed to ask the commercial industry to tell us what they could do to provide such a capability as was described. He pointed out that more "eyes in the sky" were needed and that we may have to get the private sector to commit to launching these types of spacecraft. Their capabilities would be essential.

Secretary Shultz pointed out again that we should not forget that foreign commercial boosters are subsidized by their governments and are thus better able to compete than U.S. industry.

Deputy Secretary Burnley indicated the commercial booster industry has the capacity and will to compete, but we need to get NASA out of competition for the commercial and foreign satellite business.

Secretary Baldrige asked if we would be able to launch very large payloads of the 32,000 pound category from the West Coast facility.

Under Secretary Aldridge responded that those payloads would be launched by either the Shuttle or CELVs.

Admiral Poindexter then noted to the President that we had been in session over the time allotted and indicated more information would be provided in order for him to make a decision.

The President responded with "yes" he did need more information.

Admiral Poindexter said he would recirculate the NSDD in order to get Dr. Fletcher's comments and would prepare issue papers that outlined and discussed the issues.

The meeting was adjourned.

Attachments

Tab A Interagency Findings Briefing
Tab B OMB Briefing
Tab C Proposed NSDD

WITHDRAWAL SHEET

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| ID Doc Type | Document Description | No of Pages | Doc Date | Restrictions |
|-------------------|--|-------------|----------|--------------|
| 212604 BRIEFING | RE US SPACE LAUNCE RECOMMENDATIONS | 23 | 5/1/186 | B1 |
| 212605 DRAFT NSDD | RE UNITED STATES SPACE LAUNCH STRATEGY | 3 | ND | B1 |
| 212607 NOTES | RE NSC MEETING | 1 | ND | B1 |
| 212608 NOTES | RE NSC MEETING | 5 | ND | B6, B1 |
| 212606 DRAFT NSDD | SAME AS 212605 | 3 | ND | B1 |

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