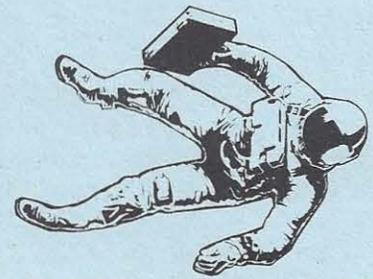


THE
**COMMERCIAL
SPACE REPORT**



PUBLISHED MONTHLY

Gary C. Hudson, Editor

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Dear Subscriber:

March, 1982

(This month we continue with Gary Hudson's recommendations for a National Space Policy. In the last month's Report he covered Existing Situations and Directions to Government Agencies.)

3) Encouragement of New Industry

The new Space Policy must include plans to submit to the Congress legislation to create a favorable economic climate in space. Favorable tax policies would require no government expenses beyond the ordinary costs necessary to enact legislation, and would result in a major increase in investment in new technologies and systems. This would help to close the gap between the United States and other space-faring nations, generate new industries and new jobs, and result in an increase in overall gross national product and tax revenues. Such tax policies should include:

a) A 40% tax credit on all high-technology investment including research and development. This would direct our national strategy towards the creation of new industries rather than the currently prominent practice of diverting profits towards the acquisition of existing businesses. Since new space industries would be only one of many industries able to take advantage of such a policy, it would avoid any special interest problems and stimulate the economy as a whole.

b) Space is presently an economically underdeveloped environment. To stimulate investment directly a moratorium on taxes on the profits from the initial sale of space-produced goods and services (including data) should be extended through the year 2000. Similarly, no customs duties should be assessed on products from space.

4) Defense of Property Rights in Space

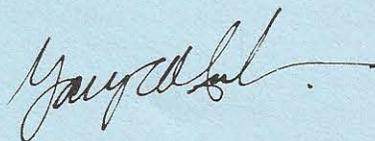
The right to own one's life and property is the most fundamental right of human beings. Space is a new frontier where this concept may be extended and strengthened to the benefit of all free men, but it is also an arena of conflict. Prosecution of the conflict between the Soviet Empire and the Free World must not be permitted to compromise the rights of free individuals to improve their lot. To prevent this from happening, two general policies in this area must be adopted.

a) While a strong U.S. military space program is decidedly worthy of our support at this stage of human history, we cannot support a solely military presence in orbit. It is therefore important that no arbitrary military restrictions be placed upon any legitimate private access to space. Whereas it may become convenient to maintain

military outposts, it is no more reasonable for the military (or any branch of government) to restrict access to space in general than it would be to declare the United States off limits to all but "official" State activities. There are enough nations with such policies already without the U.S. performing similar idiocies.

b) The United States, if it is to justify its legitimate function as a government, has an obligation to protect and defend from foreign intervention the lives and property of its citizens wherever they may be. This obligation should be extended into space as well. However, as a nation we have several times in the past decade foregone our responsibility in this area. It must not be abandoned once again. If it is, space industrialization will be ended before it really begins--or other means will have to be employed to insure the protection of people and their investments in outer space.

In the final analysis, while tax incentives and regulatory reform will aid our progress towards investments in space, nothing will be more important than the physical security of those investments. That security revolves around the will of the United States. If it falters, so does the hopeful future.



As yet the United States has not yet formulated a specific space policy. Now is the time to find out exactly what opinions are in Washington while there is still time to influence them.

L-5 Conference on Space Development. U.S. space policy will doubtless be a major topic at The First Annual Conference on Space Development sponsored by the L-5 Society. The conference is scheduled to be held in Los Angeles April 2-4, 1982. The conference site will be the Hyatt Hotel at Los Angeles Airport (6225 W. Century Blvd., Los Angeles, CA. 90045.)

Scheduled activities include a two-day open workshop to design a lunar colony, a pair of sessions on future space plans by national space policy makers, a Delphi panel, and a number of other panels. Panel topics will range from space warfare and advanced spacecraft design to politics and private enterprise in space. There will also be films, slide shows, technical exhibits, and a banquet with major speakers.

Scheduled guests include Robert A. Heinlein, noted author, and Fred Haise, Lunar Module pilot on Apollo 13 and President of Space Operations for Grumman Aerospace Corporation. Dr. Hans Mark, NASA Deputy Administrator and former Secretary of the Air Force, will be keynote speaker.

The conference is designed to encourage communications not only between aerospace professionals, but between those professionals and space enthusiasts while helping to plan the future of the high frontier.

Rates are as follows:

Professional memberships: (includes conference fees, banquet ticket, a reception for the guests of honor, and copies of pre-sented papers.)

\$65.00 for L-5 and American Astronautical Society members.
\$75.00 for non-members.

Non-professional membership rates:

	General Public	L-5 Society/AAS members
Regular:	\$35.00	\$25.00
Student:	\$30.00	\$20.00
Banquet:	\$25.00	\$25.00

Hotel rates are \$48.00/night.

For further information write: L-5 Society, Attn: Conference Committee, P.O. Box 920566, Los Angeles, CA. 90009.

Space Shuttle Costs Still Rising. According to the Washington Post, NASA plans to more than double the price of a Space Shuttle launch. Present launch fee is \$42 million, including a \$4.2 million user fee. This may increase to \$97.5 million in 1985, \$106 million in 1986, and \$116 million in 1987. These prices, incidentally, do not include the \$4.2 million user fee. Reasons for these increases include inflation, loss of missions to budget cuts, unexpected cost increases and unforeseen difficulties in shuttle turnaround between flights.

The Shuttle is having more and more trouble justifying its existence against existing throwaway launch systems. In a related story, James A. Van Allen (space scientist and discoverer of the Van Allen radiation belts) in Science magazine compared the Shuttle development to the ill-fated Supersonic Transport, both the cancelled U.S. system and the financially troubled Concorde. Van Allen referred to the Shuttle as a possible "financial monstrosity" and urged a "critical and dispassionate reappraisal" of national space policy.

It has occurred to me that the Shuttle's fiscal appetite at the expense of space science programs probably had much to do with Van Allen's opinion, but similar doubts have been heard from many sources. It is unlikely that the Shuttle as it presently stands will ever be the low-cost commercial launch vehicle that its designers originally hoped for, but its place even in the high-priced field of government-sponsored launches is beginning to look less secure. It may be that only the esoteric cost-be-damned requirements of the military for the Shuttle's unique capabilities will save it from oblivion.

Soviets Close to Space Weapons System. Richard D. DeLauer made a statement to the House Armed Services Committee whereupon Rep. Ken Kramer (R-Colo) leaked it to a public hearing and the Army Times picked it up. The Washington Post grabbed it from there. This much-handled piece of information claims that the Soviet Union expects to have "a large, permanent, manned orbital space complex to be operational by about 1990 ... capable of effectively attacking ... ground, sea

and air targets from space". This would require a more powerful type of energy weapon than that required to knock out targets in the vacuum of space, and would be a significant development in the arms race.

It has not escaped my attention that Soviet superweapons seem to come to light whenever the military budget is under attack, and this was also mentioned in connection with this story. It was denied by those concerned that the leak was intentional. Either way, it is a strong push for enhanced U.S. military activity in space.

Space Services Seeks NASA Experts. According to Satellite Week (Feb. 22, 1982), Space Services of Houston, Texas, a company attempting construction of a private launch system, has brought several ex-NASA people on board. These are reported to include Donald (Deke) Slayton, a recently retired astronaut and former director of flight crew operations, Maxime Faget, former NASA chief engineer and engineering and development director at the Johnson Space Center, and Lee Scherer, formerly Kennedy Space Center director.

Slayton will assume a top management position, dealing with contractors and overseeing launches. Scherer will be analyzing launch sites and handling government interfacing. Faget will be involved in long-range design and planning, and work on flight readiness for the next scheduled launch.

This launch will be a suborbital test using a solid-propellant booster derived from a standard sounding rocket. Future orbital launches will require solid boosters derived from Minuteman ICBMs. Space Services hopes to be able to purchase these from the government's existing stocks for initial flights, and presumably will have to have additional vehicles specially manufactured since Minuteman stocks are limited. There is some doubt as to whether this ICBM technology will be available at all, so it will be interesting to follow the progress of this project.

Until next time,

Sincerely,



Tom Brosz

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