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DEPARTMENT OF STATE

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Approved by S  
6/15/60

Memorandum of Conversation

DATE: June 8, 1960  
5:30 p.m.

M-711

(51)

SUBJECT: German Ultra-Centrifuge Development

PARTICIPANTS: Secretary Herter  
Mr. McCone, Chairman, AEC  
Mr. Farley, S/AE

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AEC - Mr. McCone

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The Secretary referred to a telegram received earlier in the day regarding the first German reaction to our Embassy's approach regarding classification and export controls over ultra high centrifuges. He remarked that the German excuses for reluctance to take action appeared weak. Mr. McCone said that the AEC was under pressure from U.S. industry, including General Electric and the Dow Chemical Company, to permit them to go ahead on an unclassified basis. With the ready availability of natural uranium, industrial firms envisage commercial manufacture of enriched uranium reactor fuel if the centrifuge technology can be developed to the point where it becomes competitive with the gaseous diffusion technique. An AEC policy of classification and tight export controls appears to them to be the dead hand of bureaucracy. There is support for this view in the Atomic Energy Commission itself. The Secretary said that he believed this development carried many dangers with it and he hoped that AEC could maintain control.

Mr. McCone said that over the long term it was difficult to see how the technology could be controlled if it was commercially attractive. Already the French are actively interested, and the Swiss and Swedes as well. While classification and export controls might hold the line for a while, the long term solution might have

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to be found in saturating the market with low price guaranteed supplies of U.S.-produced enriched uranium. The supply is no problem; already AEC is considering releasing quantities of power now available for the gaseous diffusion plants which would be more than enough to equal anticipated U.K. and French production of enriched uranium. As for price, AEC now has under consideration a reduction of about one-third in the present price for enriched uranium. Mr. McCone speculated that perhaps arrangements could be worked out for some responsible European organization such as NATO or OEEC to undertake ownership of fissionable material and lease to member states, and the United States to enter into long-term commitments to supply the required enriched uranium fuel. Rapid action would be necessary.

The Secretary expressed great interest in following up these possibilities and in continued pressure on the Germans. Mr. McCone said that an individual should be selected and given adequate technical and political assistance to work out a policy on this matter.

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