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Authority AWO 959235

By AR NARA Date 12/6/11

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March 10, 1960.

Dear Howard,

This letter, the first I have had the chance to write in too long, is courtesy of the latest snow storm—the second in the past week. I am at home while my wife goes off to the dentist. Later today I will have to appear in order to escort MM Allardt and Bobba around the Department. You might pass on a couple of things to Deane. M. Lemaiguen is about as un-protocol conscious a citizen as I have ever met. He is attending all the sessions of the DAG and seeing anyone we tell him to. Penfield was, I think, quite impressed and pleased to get his views and particularly a detailed account of just what the Community is up to in Africa. L. was also very frank about the difficulties with France and particularly one man but quite optimistic that the general was basically sympathetic. I myself was surprised that L. looks like an old paternalistic Fr. colon he says the right things and although some of them our policy people won't like the ideas I think are sensible...like commodity stabilisation in Africa by using specialized funds. These are ideas we played around with in the Far East but we always got slapped down for not particularly good reasons by Washington.

Also tell Deane that I will get a report for the Mission on the Bobba case. As far as I know Rome did not use the Attorney General's waiver. The amusing side light...Bobba was the first Community official to receive a A type visa...he had it recalled of course but it has happened. We are waiting today to hear what happened at the C of M discussion yesterday on the Mission problem. The French were in the other day to get some more information. We needed them unmercifully. Before George Ball went to Europe last week we gave him the whole story. He had a date with Couve to talk about tunneling the English Channel. He promised to tell Couve what we could not...namely what a really stupid move this is for the French and how bad it looks in Washington. At a time when we are standing on our ears to support the common market on the theory that there is something different about it, the French come in and tell us on the contrary that there is nothing different about it...an inter-governmental organization with no institutional powers. We also plan to say a few well chosen words to Der Alte about this and our EURATOM problems.

And now Howard to get to those..and numerous they are too. First let me say that I agree with the Ambassador's comment of the other day that Hirsch-Flogerg calls are no way to run a RR. (If any of us had RRs we wouldn't be working for the USG.) The only difficulty is that the Hirsch call got some action out of AEC in less than the time I would have predicted. They in effect have answered the Dillon letter. The answer is pretty sad in several respects...all this worry about how EURATOM spends its money, but we did get two things.....a commitment to coordinate our R and D efforts thru a JB mechanism and a clear pledge to move on certain necessary amendments. One thing that you all should understand and I have made this clear to Heidenreich.. we intend to proceed as quickly as possible with a general agreement. The only inhibiting factor will be the attitude of the member states and AEC thinks that this is more of a problem than I do. I understand that Foch and others think that it would be better to have the first meeting

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in Brussels for the talks on the agreement and thence come to Washington for the final drafting. In any case I think that the AEC people would like to make sure that everything that has to be done to get the Senn project ready for authorization should be finished before the same people get taken up with general agreement problems. As to drafts, I have not done one. I have asked Bengelsdorf to do one. I think we will be lucky if we get him working on this because he is more pro what we are trying to do than most of the other fellows and he has had long experience. He also has kept on excellent terms with Van and some of the others in ~~the~~ DRD which always helps.

All I can say on substance is to repeat some of the earlier views that I expressed. A simple agreement with no razzle-dazzle. What we want is an umbrella under which we can operate. I really don't think that you all have an exact idea of how difficult it is to get anything done in Washington. This situation has been getting worse since I arrived and may either be due to the softening of heads and hearts as this administration fades away or it may be indicative of a more serious state of American life in general. In any case the picture is discouraging if you have the idea that you would like to accomplish something new and different. Particularly in our recent relations with the AEC I have the feeling that I am trying to push rapidly hardening cement into some shape. The relations between the staff and the Commission is unbelievably poor.

An illustration of this....last week..two days before the meeting of the Nuclear Constants group in Stockholm the Commission "decided" not to participate and that this was an activity that should properly be carried on by the IAEA. The fact that this completely ignored the whole history of our earlier participation in the formation of this group and joined with the British and the Canadians to call the first meeting had apparently not been conveyed to the Commission in clear enough form. The first I heard of it was a telephone call from Bengelsdorf asking for clearance on a cable to Vienna telling the IAEA to get busy. Phil Farley had not wanted to make an issue of it thinking that they should go and get their noses bloody. I reminded him of the whole history and the fact that we had a certain foreign relations responsibility and he agreed to call Floberg. Floberg's reaction was why didn't someone tell us? etc and the Commission reversed itself the next day. In the mean time ordering us to discuss the possibility of the Agency becoming associated with this work.

This I am afraid is also happening on the Us-~~U~~ARTOM\$Canadian business. The AEC has already announced to the Joint Committee that they have a new agreement with the Canadians to work on heavy water developments...no mention of EURATOM. Meanwhile EURATOM sits on its duff and doesn't answer your letter on the draft exchange. Gray of AECL has written the AEC and BI found yesterday a reply has been sent on the EURATOM aspect. Our reply apparently ..AEC that is....states that we are interested in the program but that we wish to have only the least formal association with it. I'll send you a copy of the letter if I ever get it.

Now just let me list some of the recent good news which has kept us occupied...by no means successfully. Mr. McKinney..in case anyone had any lingering hopes that he was the Savior...presented his crackbrain ideas to all and sundry last week. He told Mr. Merchant for example that EURATOM was washed up and what ought to be done was to turn it into a scientific society and take the "political aspects" and put them under the Council of Europe.

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The guy is a real nut. I have not yet figured out whether he is a dangerous one. From some of the remarks made by the Committee staff I gather that all is not beer and skittles even between the Committee and McK. The horrible thing that I have learned in my short period in Washington is that it is not impossible to see the whole place bow down before the most outrageously obvious fools just because they have picked up the right credentials somewhere along the line.

The AEC has sent a letter to Mr. Schluten of Krupp on the pebble bed project. Attached was a draft agreement for cooperation between AEC for the USG and Krupp for the German Gov't. for the most intimate association men and material on this very interesting project. We told EURATOM over a year ago that this was one of the most interesting projects in Europe and that they better get their asses associated with it. Well they didn't ..in fact I'm not at all sure that Balke and the German Gov't have been kept au courant by Krupp. I will send a copy of this to you maybe you can slip it to some of your Labor Party friends it would make a hell of a stir over there. Seriously I have done one thing. I have mentioned to Heidenreich that this is in the wind and recalling my earlier talks with Foch on this project told him to see if there is anything that can be done to put this under our auspices.

This brings me to the last piece of good news and the reason I would appreciate it if this letter did not get into any files. The AEC has recently presented us with a study on the ultracentrifuge development in Germany and to a lesser extent in the Netherlands. Our people have finally reached the conclusion that the Europeans reached long ago that this is a way within the means of any moderately developed country to lay their hands on SNM at a not prohibitive cost. Having finally reached this conclusion AEC has asked the Dept for a foreign policy view of the situation, with particular emphasis on the possibility of entering into agreements to get the whole business classified. I can only see terrible problems with that kind of effort. First of all by classifying, assuming that the German Govt would be willing or had the power, would be taken in certain quarters as evidence that they were working on the military aspects of the development. Everyone admits that classification will only work to hold back development among our friends and the neutrals, assuming the Russians do not start to export this equipment. You will also need system of export controls...to basically friendly countries. My suggestion was that eventually we ought to offer to help build a facility under some international auspices which would give countries a non-military origin SNM source for their peaceful uses as an alternative to our supplying it or the Russians. Those who favor classification of course would never want to see this because the international body would immediately negate the purpose of classification, namely the spread of knowledge. My other comments went to the question of how to get associated with the Germans and the Dutch. I suggested Euratom as a center for this development and possibly even consider a classified agreement. We could use Euratom to give the development its peaceful label and also avoid trouble with other member states. For example, how can we deny info on gaseous diffusion to the French and help the Germans develop this new method of producing SNM. When I say help helping the Gs I assume that in order to get them to classify we would have

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to offer something. I'm afraid some of our AEC friends do not realize that the way German industry has a free hand they could just as easily tell both the German Govt and us to go to hell. They have a good process that will do the trick and they are going out for the business. All you guys want to do is to keep your monopoly. This brings me to the point about the US price. It has apparently been decided that there will be no change in the price of SNM as sold by the AEC. Obviously the way to hold back this development of other means of production at least in so far as economic factors have an effect is to lower the price on our product so that getting an alternative source will not be undertaken for economic purposes. My purpose in raising this with you and I do it on the understanding that it will be very closely held...is to get some of your ideas not just on the EURATOM aspect but more generally on how this development may effect other areas as well. The facts are that a plant could be built...after perhaps another ~~year~~ couple of years of research effort for as little as \$35 to \$40 million and produce enough material to put a country into any kind of business. Needless to the Russians have a big program going in this field. The output could apparently with a little more development reach a kilo cost close to our published prices.

I am now off to mail this in the classified box at the Department. Please destroy after some study. The snow is still coming down and my typing is lousy. Happy spring.

Tell Ray that I was certainly sorry to hear about his hepatitis. I had it in the far east and realize that if it were not for the wife and kiddies it is a very enjoyable disease to recuperate from. Hope there are no after effects.

Personal information removed

Best Regards,

*Added note on status
Canadian letter
and Italian request for amendment.*

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