

Budget-2-Mutual Security Program

Budget-2-Mutual Security Program

	Date	To	From	Class	Pgs. No.	To	From	Class
1	8-24-60	AEC 989/4		skw	u			
2	10-27-60	AEC 989/5 Section 419		ves				
3	11-14-60	McCone, John A.		skw	u			
4	12-23-60	AEC 989/6		skw	u			
5	1-13-61	AEC 989/7 Fellowships - Type II		ves	u			
6	1-24-61	Agricultural Trade Development and Assistance Act of 1954 Food-For-Peace Program		skw	u			
7	2-1-61	AEC 989/8		ves				
8	10-4-61	AEC 989/9		ves				
9	10-19-61	AEC 989/10		skw				
10	11-22-61	AEC 989/11		ves				

TITLE

BUDGET-2-Mutual Security Program

N	DATE	TO	FROM	CL.	PG	NO	DATE	TO	FROM	CL.	PG
1	4-10-59	AEC 989/1		skw	ouc						
2	12-28-59	AEC 989/2		vee	u						
3	4-5-60	AEC 989/3		skw	ouc						

AUG 22 1962

MEMORANDUM FOR CHIEF OF BUREAU
COMMISSIONER BURGESS
COMMISSIONER WILSON

TECHNICAL ASSISTANCE

SUBJECT: F. Y. 1963 FOREIGN ASSISTANCE BUDGET

Several phases of the recently enacted F. Y. 1963 foreign assistance authorization act are of interest from the standpoint of the atom-for-peace program:

1. The full amount requested under the section "International Organizations and Programs" (\$149.9 million) was authorized. Included in the amount requested was \$1.25 million for assistance to the International Atomic Energy Agency. This amount was based on the following items:

Voluntary Contributions	\$ 750,000
"Type II" Fellowships	195,000
Consultants and experts	140,000
Total	\$1,250,000

2. In accordance with previous plans (outlined in AEC 909/11), the F. Y. 1963 budget request did not contain an "atom-for-peace" section, as had the requests of several past years, and it was contemplated that proposals for assistance involving nuclear equipment and consultation would be developed and submitted within country programs under "Development Grants and Technical Cooperation", Section 211.

However, the authorizing act includes an amendment introduced by Representative Judd, which inserts the following new subsection into Section 211, "Development Grants and Technical Cooperation":

8-22-62

Chairman Neuhoff
Commissioners Howarth and Wilson - 2

"Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

The Act authorizes \$300 million of the \$335 million requested for Section 211.

It is our view that nuclear activities under Section 211 could be maintained at a satisfactory level through F. Y. 1963 within the \$1 million limitation.

In order to assure that the \$1 million limitation in Section 211 does not preclude support of atomic energy aspects of programs under other portions of the Act, for example under the "Development Loan Fund", "Alliance for Progress" or "International Organizations and Programs" provisions, the matter was discussed with the Department of State which confirmed that the Act does permit such support.

Appropriations hearings have just been concluded before the Foreign Operations Subcommittee of the House Committee on Appropriations, but mark-ups are not yet available. AID was not asked to provide witnesses. Hearings before the Senate Committee on Appropriations are scheduled to begin on August 21 and are expected to extend into September.

Signed by:
Meron B. Krutson

A. A. Wells, Director
Division of International Affairs

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AUSA
Secretariat (2) 
GOC
FIR
Adv. Pr. /IRA
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IAAD/A	GOC	FIR	IR	FIR
JONES/lhw			KRUTSON	WELLS
8/21/62	8/ /62	8/ /62	8/ /62	8/ /62

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OPTIONAL FORM NO. 10
5010-104

UNITED STATES GOVERNMENT

Memorandum

TO : **File**

DATE: June 18, 1962

FROM : **W. B. McCool, Secretary** Original prepared
by W. B. McCool

SUBJECT: **UK PROPOSAL RE IAEA BUDGET ASSESSMENTS**

SYMBOL: **SECY:JCH**

1. At Information Meeting 163 on June 8, 1962, the Commission discussed Mr. Wells' June 1 memorandum concerning the UK Proposal to amend Article XIV of the IAEA's Statute to provide for a single assessed budget instead of the present assessed budget for administrative expenses and voluntary contributions budget for other expenses. Mr. Ink noted that the Joint Committee will be informed and Commissioner Graham requested a determination as to the AEC's position vis-a-vis the Department of State on this matter.

2. The Office of the Secretary was informed on June 14 by the Division of International Affairs that a letter to the Joint Committee has been prepared and that AEC's position on the matter has been approved by the Acting Secretary of State.

- cc:
- Chairman
- General Manager
- Deputy General Manager
- Asst. General Manager
- Asst. Gen. Mgr. for International Activities
- Director, International Affairs

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B-18-22

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MEMORANDUM FOR CHAIRMAN SPENCER
COMMISSIONER GIBSON
COMMISSIONER HAWKINS
COMMISSIONER OLSON
COMMISSIONER WILSON

H. A. Wells
THROUGH OFFICIAL CHANNELS

SUBJECT: 100 INTERNATIONAL DEVELOPMENT BUDGET REDUCTIONS

We have learned that that part of the FY 1963 Agency for International Development budget request covering "International Organizations and Programs" has been reviewed by the Bureau of the Budget and that the BUB has recommended elimination of the following items:

- a. \$700,000 for IAEA Type II Fellowships
- b. \$250,000 for support of symposia and consultations.

We have informed the Department of State of our strong belief that every effort should be made to obtain restoration of these items and of our willingness to be of any possible assistance to this end.

A. A. Wells, Director
Division of International Affairs

cc: Mr. McNeal, Secretary
Mr. Tolson
Mr. Boardman
Mr. Nichols
Mr. Casper
Mr. Callahan
Mr. Conrad
Mr. DeLoach
Mr. Evans
Mr. Gale
Mr. Rosen
Mr. Sullivan
Mr. Tavel
Mr. Trotter
Mr. Tele. Room
Miss Holmes
Miss Gandy



EA-AD/A	EA-10	EA-D
Tolson;rel	Evans	Wells
1/8/62	1/ /62	1/ /62

1-9-62

UNCLASSIFIED

November 22, 1961

AEC 989/11

COPY NO. 62

ATOMIC ENERGY COMMISSION

1963 INTERNATIONAL DEVELOPMENT BUDGET ESTIMATES

Note by the Secretary

The attached memorandum from the Director, Division of International Affairs, is circulated for the information of the Commission.

W. B. McCool

Secretary

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Asst. Gen. Mgr. Adm.	14
General Counsel	15 - 19
Biology & Medicine	20
Congr. Liaison	21
Controller	22 - 24
Education & Training	25
Isotope Development	26
Public Information	27 - 28
Technical Information	29
Inspection	30
Intelligence	31
International Affairs	32 - 43
Reactor Development	44 - 55
Research	56 - 57
Special Projects	58
D. C. Office	59 - 61
Secretariat	62 - 66

AEC
989
11

11-22-61

Memorandum

TO : A. R. Luedecke, General Manager
 THRU: ACMLA
 DATE: November 21, 1961

FROM : A. A. Wells, Director
 Division of International Affairs

SUBJECT: 1963 INTERNATIONAL DEVELOPMENT BUDGET ESTIMATES

This is to inform you of certain recent developments in the formulation of the Fiscal Year 1963 Agency for International Development budget request. Our memorandum of September 27 on the above subject (circulated as AEG 989/9) stated recommendations we had submitted to the Department of State with respect to the AID FY '63 budget estimates for activities related to the Atoms for Peace program as follows:

Provision of consultants to lesser developed nations and international organizations such as the IAEA...	\$ 250,000
Equipment grants.....	400,000
Support of research reactor laboratories through provision of consultation and laboratory equipment.	600,000
Voluntary contribution to the IAEA.....	<u>750,000</u>
TOTAL.....	\$2,000,000

In communicating these figures to the Department of State, we indicated that should the desirability of providing funds for "Type II" fellowships for the IAEA be reconsidered within the Department, we would appreciate an opportunity to provide our views. (These are fellowships completely financed by the United States.)

We have now been advised that a Program Review and Coordination Group, established to prepare recommendations for the AID's FY '63 program, has formulated recommendations as to where the above items should be placed in the FY '63 budget request. It is proposed that no separate section entitled "Atoms for Peace" appear in the budget and that the various items be placed as follows:

- a. Items entailing support of the IAEA (the voluntary contribution, cost free consultantships and possibly "Type II" fellowships) to be included under AID, Part I, Chapter 3--international organizations and programs.

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Comment: The voluntary contribution was budgeted in this manner in FY '62. No objection is seen to budgeting in the same chapter for the other activities.

- b. Equipment grants and support of research reactor laboratories through provision of consultation and laboratory equipment, to be developed and submitted within country programs under AID, Part I, Chapter 2, Title II--Development Grants and Technical Cooperation--Section 211.

Comment: The implication of this is that these programs will be developed hereafter by the United States Operations Missions in the various countries, thus continuing a trend to administer atomic energy foreign aid as an integral part of the AID country programs.

It should be noted that the above proposals affect simply the placement of the various items in the budget request--no approval of any specific figures is to be inferred at this time.

An instruction to the various USOMs has been prepared to give guidance for FY '63 programming in the peaceful uses of atomic energy and our concurrence in it has been solicited. It is based upon the proposal stated in b. above. We propose to concur in the draft instruction but to propose additional wording emphasizing both the importance we ascribe to having the U.S. take additional steps towards assuring that the U.S. "grant" research reactors will be effectively utilized and some specific programs that will help achieve the realization of this objective.

It is also our view that while it is desirable that the various USOMs consider in their programming the possible need for consultants to support both research reactors and other aspects of the atomic energy programs, it is most desirable that a modest fund of money continue to be available for administration in Washington, with which consultants could be sent on a bilateral basis to underdeveloped countries. We propose to have further discussions of this point with the Department and AID.

It has also been learned that the Bureau of International Organization Affairs has recommended a figure of \$500,000 for "Type II" fellowships in FY '63. We are informing the Department of our concurrence in this recommendation.

The Division of Finance has concurred in this memorandum.

Budget - International Development

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AEC 989/10

October 19, 1961

COPY NO. 58

ATOMIC ENERGY COMMISSION

INTERNATIONAL DEVELOPMENT APPROPRIATIONS FOR FY 1962

Note by the Secretary

The General Manager has requested that the attached memorandum from the Acting Director of International Affairs be circulated for the information of the Commission.

W. B. McCool
Secretary

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10

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Asst. Gen. Mgr. Adm.	14
General Counsel	15 - 19
Biology & Medicine	20
Congr. Liaison	21
Education & Training	22
Finance	23 - 25
Isotope Development	26
Public Information	27 - 28
Technical Information	29
Inspection	30
Intelligence	31
International Affairs	32 - 42
Plans	43
Reactor Development	44 - 52
Research	53 - 54
Special Projects	55
D. C. Office	56 - 58
Secretariat	59 - 63

10-13-61

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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D. C.

October 5, 1961

MEMORANDUM

TO : A. R. Luedecke, General Manager

FROM : M. B. Kratzer, Acting Director
Division of International Affairs

SUBJECT: INTERNATIONAL DEVELOPMENT APPROPRIATIONS FOR FY 1962

This is to advise you that on September 30, 1961, President Kennedy signed the International Development Appropriation Act for FY 1962. The legislation provides \$2,000,000 specifically for atoms-for-peace--presumably to be applied to such of five pending reactor grant requests of \$350,000 as can be approved, and the remainder for consultants and equipment. Also appropriated was the \$750,000 contribution to the IAEA.

As indicated in our memorandum of September 27, the President's over-all budget request included but did not identify specifically \$600,000 for equipment and \$150,000 for bilateral assistance. Legislative history appears to impose some limitations on use of such funds. To the extent that application of the \$750,000 is so limited, expenditures under the \$2,000,000 authorization may have to be reexamined.

Bechtel - 7

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AEC 989/9

October 4, 1961

COPY NO. 61

ATOMIC ENERGY COMMISSION

1963 INTERNATIONAL DEVELOPMENT BUDGET ESTIMATES

Note by the Secretary

The General Manager has requested that the attached memorandum from the Acting Director of International Affairs be circulated for the information of the Commission.

W. B. McCool
Secretary

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9

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Asst. Gen. Mgr. R&D	13
Asst. Gen. Mgr. Adm.	14
General Counsel	15 - 19
Biology & Medicine	20
Congr. Liaison	21
Education & Training	22
Finance	23 - 25
Isotope Development	26
Public Information	27 - 28
Technical Information	29
Intelligence	30
International Affairs	31 - 42
Reactor Development	43 - 54
Research	55 - 56
Special Projects	57
D. C. Office	58 - 60
Secretariat	61 - 65

10-11-61

OPTIONAL FORM NO. 10
5010-101

UNITED STATES GOVERNMENT

Memorandum

TO : A. R. Luedicke
General Manager

DATE: SEP 27 1961

FROM : *ml* W. B. Kratzer, Acting Director
Division of International Affairs

SUBJECT: 1963 INTERNATIONAL DEVELOPMENT BUDGET ESTIMATES

This is to inform you of recommendations we have made to the Department of State as to budget estimates for activities related to the Atoms for Peace program, to be included in the FY 1963 International Development budget request. As you know, funds for several such activities have been provided for some years under the Mutual Security (now International Development) appropriation. Our recommendations for FY 1963, compared with the corresponding items in the President's budget request for FY 1962, are as follows:

	President's budget request FY 1962	AEC recommendation FY 1963
Foreign research reactor grants.....	\$1,750,000	---
Provision of consultants to lesser developed nations and international organizations such as the IAEA.....	400,000 *	\$ 250,000
Equipment grants.....	600,000 *	400,000
Support of research reactor laboratories through provision of consultation and laboratory equipment.....	---	600,000
Voluntary contribution to the IAEA.....	<u>750,000</u>	<u>750,000</u>
TOTALS	\$3,500,000	\$2,000,000

* \$250,000 of the \$400,000 for consultants is included in a \$2,000,000 item for "Atoms for Peace." The Department of State has advised that the remaining \$150,000, plus the \$600,000 item for equipment, are included in the overall appropriations request, but not specifically identified therein.

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It will be noted that the \$600,000 item for support of research reactor laboratories in FY 1963 is for the activity discussed with the Commission at the time of its review of the FY 1963 AEC budget request, when decision was made to seek these funds through the International Development rather than the AEC appropriation.

You may recall that in correspondence with Under Secretary of State Dillon in 1960, we were informed that the Department of State wished to discontinue so-called "Type II" fellowships for the IAEA--the type of fellowship completely financed by the United States--and that the "Type II" fellowship activity was eliminated from the FY 1962 budget request. We have indicated that if this question should be reconsidered within the Department of State with respect to FY 1963, we would like opportunity to provide our views on it in the light of current circumstances.

Congress has not as yet acted upon the FY 1962 International Development budget request, which provides for funds for five foreign research reactor grants for which proposals have been received; the foreign research reactor grant program will be terminated upon disposition of these five requests. It has been pointed out to the Department of State that if cuts are imposed in FY 1962 which would make it impossible to approve grants in all of these cases, it would probably be necessary to increase the Atoms for Peace budget request for FY 1963.

The Division of Finance has concurred in this memorandum.

Budget - Budget Document

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AEC 989/8

February 1, 1961

COPY NO. 54

ATOMIC ENERGY COMMISSION

MUTUAL SECURITY PROGRAM BUDGET ESTIMATES - ATOMS
FOR PEACE PROGRAM - FY 1962

Note by the Secretary

The General Manager has requested that the attached memorandum from the Director of International Affairs be circulated for the information of the Commission.

W. B. McCool
Secretary

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Asst. Gen. Mgr. R&ID	12
Asst. Gen. Mgr. Adm.	13
Asst. to the GM	14
General Counsel	15-19
Biology & Medicine	20
Congr. Relations	21
Finance	22-24
Health & Safety	25
Isotope Development	26
Public Information	27-28
International Affairs	29-39
Office of Plans	40
Operations Analysis	41
Reactor Development	42-47
Research	48-49
Special Projects	50
D. C. Office	51-53
Secretariat	54-58

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19-1-61

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UNITED STATES GOVERNMENT

Memorandum

TO : A. R. Luedcke, General Manager
(THRU) John A. Hall, AQMIA

DATE: JAN 18 1961

FROM : A. A. Wells, Director
Division of International Affairs

SUBJECT: MUTUAL SECURITY PROGRAM BUDGET ESTIMATES - ATOMS-FOR-PEACE
PROGRAM FY 1962

This is to inform you of the status of the FY 1962 budget for the Atoms-for-Peace Program, Section 419 of the Mutual Security Act.

The Chairman, by letter of November 14, 1960, to C. Douglas Dillon, Under Secretary of State, transmitted the Commission's recommendation concerning FY 62 budget estimates for Section 419, MSA. The recommendation totaled \$3.9 million broken down as follows:

Contribution to the IAEA.....	\$ 750,000
IAEA Fellowships.....	\$ 400,000
Research Reactor Grants.....	\$2,100,000 ✓
Equipment Grants.....	\$ 400,000
Consultants and Symposia.....	\$ 250,000

Mr. Dillon has subsequently advised that:

1. He has submitted a budget totaling \$3.5 million for Section 419 to the Bureau of the Budget (this amount was approved subsequently by the BOB);
2. The precise composition of the program can be delayed until plans of the new administration become known but that the Commission's viewpoint would continue to be sought as the estimates review proceeds;
3. The Department questions whether the U.S. can continue to justify the 100% financing of IAEA sponsored fellows for training in the U.S. as is done under the Type II Fellowship Program.
4. The Department has earmarked funds for the Indonesian reactor grant in Fiscal Year 1961 and would like to commit this grant as soon as possible.

* Copy on file in DIA

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The AEC had recommended that the Indonesian grant be made in FY 1962. Accordingly, an amount of \$350,000 for this purpose was included in our total estimate of \$2,100,000 for this program. This recommendation was made in view of the substantial over-all reductions made in the FY 1961 appropriation (\$1,715,000) for Section 419.

Exclusive of funds requested for the Indonesian grant, the Department's recommendation for Section 419 for FY 1962 is \$50,000 less than the AEC recommendation.

Handwritten notes at top of page, including "L. D. ..."

THE WHITE HOUSE
WASHINGTON

January 24, 1961

MEMORANDUM FOR

THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

I have today issued an Executive Order relating to the duties of the Director of the Food-for-Peace Program. This Order amends Executive Orders 10893 and 10900, providing for the administration of the mutual security and related functions and of the Agricultural Trade Development and Assistance Act of 1954, as amended, respectively. It provides that the Director of the Food-for-Peace Program shall be responsible for the continuous supervision and coordination of the functions under section 402 of the Mutual Security Act of 1954, as amended, as well as those functions under the Agricultural Trade Development and Assistance Act of 1954 which are delegated by Executive Order 10900. These provisions of law deal with the use of American agricultural commodities in furtherance of the foreign policy of the United States.

The purpose of this memorandum is to describe further the role of the Director of the Food-for-Peace Program, who will be located in the Executive Office of the President.

American agricultural abundance offers a great opportunity for the United States to promote the interests of peace in a significant way and to play an important role in helping to provide a more adequate diet for peoples all around the world. We must make the most vigorous and constructive use possible of this opportunity. We must narrow the gap between abundance here at home and near starvation abroad. Humanity and prudence, alike, counsel a major effort on our part.

Many Government functions and activities relate to the overseas movement of agricultural commodities and products of the United States. It

x-047m-15-President

1972-1

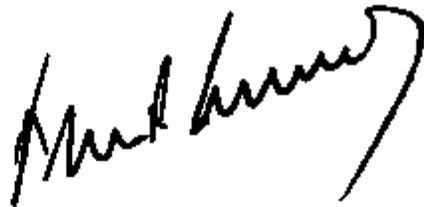
is important that responsibility for coordination of all these efforts be centralized so that they can become more meaningful -- a more useful instrument of our foreign policy, and more efficient.

Accordingly, I expect to look to the Food-for-Peace Director, working under my direction and with the Secretaries of State and Agriculture in particular, to exercise affirmative leadership and continuous supervision over the various activities in this field, so that they may be brought into harmonious relationship.

The most immediate task which I have asked the Director to undertake is that of conducting an intensive review of all these activities and considering possible improvements in them. He will communicate to me the results of this review and his recommendations for improvement, including recommendations for such legislative changes as may be necessary. I have asked the Food-for-Peace Director to consider very carefully the intimate relationships between our foreign agricultural activities and other aspects of our foreign assistance program and to develop the necessary programs and policies in coordination with the Mutual Security Coordinator.

I know that in all of his endeavors the Director will have your full support and cooperation.

This memorandum shall be published in the Federal Register.

A handwritten signature in dark ink, appearing to read "Mark Hanna", is written in a cursive style. The signature is located in the lower right quadrant of the page.

EXECUTIVE ORDER

**AMENDING PRIOR EXECUTIVE ORDERS TO PROVIDE
FOR THE RESPONSIBILITIES OF THE DIRECTOR OF
THE FOOD-FOR-PEACE PROGRAM**

Whereas American agricultural abundance offers a unique opportunity for the United States to promote the interests of peace in a significant way and to play an important role in helping to provide a more adequate diet for peoples around the world; and

Whereas exports of farm products are of great importance to the domestic economy, furnishing approximately 11 percent of total farm income; and

Whereas many government functions and activities relate to the movement overseas of agricultural products and commodities, and a number of government agencies have responsibilities in connection with these activities; and

Whereas it is of fundamental importance that we have a national food policy directed toward using our agricultural abundance as a national asset to meet foreign policy objectives.

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States, it is ordered as follows:

Section 1. Executive Order No. 10900 of January 5, 1961 (26 F. R. 143), headed "Administration of the Agricultural Trade Development and Assistance Act of 1954, as amended," is hereby amended by renumbering sections 6 and 7 thereof as sections 7 and 8, respectively, and by inserting after section 5 the following new section 6:

"Section 6. Director of the Food-for-Peace Program. Subject to the direction of the President, the Director of the Food-for-Peace Program (provided for in a letter of the President bearing the same date as this order) shall be responsible for the continuous supervision and coordination of the functions hereinabove delegated or otherwise assigned to officers or agencies of the Government. The foregoing provisions of this section shall not be construed as terminating any delegation or other assignment of function made by other sections of this order."

Section 2. Executive Order No. 10893 of November 8, 1960 (25 F. R. 10731), headed "Administration of mutual security and related functions," is hereby amended by adding at the end of Part I thereof a new section III, reading as follows:

more

"Section III. Director of the Food-for-Peace Program. Subject to the direction of the President, the Director of the Food-for-Peace Program shall be responsible for the continuous supervision and coordination of the functions under Section 402 of the Act (22 U. S. C. 1922). The foregoing provisions of this section shall not be construed as superseding any delegation or other assignment of function made by the Act or by other sections of this order."

JOHN F. KENNEDY

THE WHITE HOUSE,

January 24, 1961.

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AEC 989/7

January 13, 1961

COPY NO. 48

ATOMIC ENERGY COMMISSION

TYPE II FELLOWSHIPS

Note by the Secretary

The General Manager has requested that the attached memorandum to the Chairman be circulated for the information of the Commission.

W. B. McCool

Secretary

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Asst. Gen. Mgr. Adm.	13
Asst. to the GM	14
General Counsel	15-19
Biology & Medicine	20
Congr. Relations	21
Finance	22-24
Health & Safety	25
Isotope Development	26
Public Information	27-28
International Affairs	29-33
Office of Plans	34
Operations Analysis	35
Reactor Development	36-41
Research	42-43
Special Projects	44
D. C. Office	45-47
Secretariat	48-52

AEC
989
7

1-13-60

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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D. C.

January 4, 1961

MEMORANDUM FOR CHAIRMAN McCONE

SUBJECT: TYPE II FELLOWSHIPS

Your memorandum of November 14, 1960, expressed concern over the apparent undue lag in accumulating reliable cost data on the Type II Fellowship Program financed under the Atoms-for-Peace appropriations.

The financial status of the Type II Fellowship Program from its inception is shown below. Amounts shown for fiscal year 1961 are current estimates.

<u>Fiscal Year</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Unliquidated Obligations</u>
1958	\$ 840,000	\$ -0-	\$ 840,000
1959	-0-	90,000	750,000
1960	700,000	363,000	1,087,000
1961	350,000	547,000	890,000

You will note that due to expenditure lags the unliquidated obligations increased from 1958 to 1960 by some 30 per cent. This was due principally to slowness in getting the program underway in conjunction with the character of the program.

This program is administered by the National Academy of Sciences under a contract with the International Cooperation Administration. Applications for fellowship training are submitted initially to the atomic energy agencies of the various countries. Applications selected by such agencies are forwarded to the IAEA, where they are reviewed and routed to the country where it is contemplated the training will be conducted. About 75 per cent of all applicants for fellowships request training in the U.S., so that demand for training in this country always exceeds the number of fellowships available. Applications forwarded to this country by IAEA are reviewed by the staff of NAS. Such factors as degree of preparation of the student as well as the status of atomic energy development in his country are evaluated by the NAS staff, and negotiations are carried out with the institutions where training will be conducted. Meanwhile, a security check is made by the ICA.

Funds are obligated annually when the contract is made between NAS and ICA for administration of the program. Expenditures begin when a travel advance is made to the fellow after completion of the selection and placement process described above. Expenditures for monthly stipends continue throughout the term of the fellowship which usually lasts 12 months. It is

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apparent from this sequence of administrative events that expenditures will lag considerably behind obligations. Moreover, funds appropriated in the FY 1958 appropriation were not available in time to permit processing of applications for the 1958-1959 academic year, with the consequence that a full fiscal year elapsed before initial expenditures under this program appeared on the record. Thus, the lag in expenditures which has characterized this program from its inception is related to the time required to get the program in motion and get fellows into the "pipeline."

The following table outlines the status of the program:

	<u>Number</u>
Total Applications Submitted by IAEA.....	236
Applications Withdrawn.....	<u>34</u>
Net.....	202
Participants Placed and Awarded	
Training Completed.....	46
Active.....	<u>98</u>
Subtotal.....	144
Applications Pending	
Placed by NAS but not Awarded	
by IAEA.....	19
Awaiting Placement.....	<u>39</u>
Subtotal.....	58

All but approximately \$100,000 of the total funds available have been fully committed.

/s/ A. R. Luedcke
General Manager

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AEC 989/6

December 29, 1960

COPY NO. 53

ATOMIC ENERGY COMMISSION

ATOMS FOR PEACE SECTION OF MUTUAL SECURITY PROGRAM
FY 1962 ESTIMATES

AEC
989
b

Note by the Secretary

The attached letter from the Under Secretary of State is circulated for the information of the Commission. The letter has been referred to the Division of International Affairs.

W. B. McCool
Secretary

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Asst. Gen. Mgr. Adm.	13
Asst. to the GM	14
General Counsel	15 - 18
Biology & Medicine	19
Congr. Relations	20
Finance	21 - 23
Health & Safety	24
Isotope Development	25
Public Information	26 - 27
International Affairs	28 - 38
Office of Plans	39
Operations Analysis	40
Reactor Development	41 - 46
Research	47 - 48
Special Projects	49
D. C. Office	50 - 52
Secretariat	53 - 57

* Budget '62

Receipt material filed I.P. () ...

12-2366

UNCLASSIFIED

DEPARTMENT OF STATE
WASHINGTON

December 10, 1960

Dear John:

Thank you for your letter of November 14* setting forth the Commission's recommendation on the Atoms for Peace section of the Mutual Security Program, fiscal year 1962 estimates. In accordance with the total Mutual Security Program estimates approved by the President, I have now submitted to the Bureau of the Budget estimates for Mutual Security which include an appropriation of \$3.5 million for the Atoms for Peace program. Determination of the precise composition of the program can be delayed until the plans of the new Administration for Congressional Presentation become known. I am sure that the Commission's viewpoint will continue to be sought and given full attention as the estimates review proceeds.

Your letter states your principal concern relates to the International Atomic Energy Agency fellowship program. The questions which have arisen in the Department have not been in terms of questioning the desirability of an Agency training program but rather whether we can any longer justify 100 percent United States financing of the portion of the training program identified as the "Type II Fellowships". The estimates proposed within the Department do contemplate continuing support of an Agency training and fellowship program to the extent that such a program is agreed for shared financing under the Agency's operational budget. Training assistance would also, of course, continue to be provided to the underdeveloped nations under the International Cooperation Administration bilateral Technical Cooperation program.

On the funding of research reactor grants, I understand funds have been earmarked by Mr. Farley's office under the fiscal year 1961 section 419 appropriation for grants to Yugoslavia and Indonesia. I believe the funds for the Yugoslav reactor have now been formally committed and obligated, and our Bureau of Far Eastern Affairs would like to see the funds committed for the Indonesian reactor as soon as possible. I understand evaluation of the proposal by your staff is nearly completed. It would certainly ease the 1962 presentation if both these grants could be used in 1961.

I will keep in mind your interest in discussing any revision of the Mutual Security Act which might affect section 419.

With best wishes,

Sincerely,

/s/

Douglas Dillon
Under Secretary

The Honorable
John A. McCone, Chairman
Atomic Energy Commission

*Copy on file in Secretariat

DATE:

INDEX: B UDGET-2-Mutual Security Program

~~IA-6-Executive Order of 11/16/60~~
~~_____~~
~~_____~~
~~_____~~
~~_____~~

TO:

FROM:

SUMMARY: AEC 1049/18: DIRECTIVE BY THE PRESIDENT CONCERNING STEPS TO BE TAKEN WITH RESPECT TO U.S. BALANCE OF PAYMENTS. Directive from the President to Government heads of departments and agencies informing them of the need of wise spending especially where there is a great deal of spending on projects and programs located in foreign countries, and also the suggestion of withdrawing of personnel in foreign countries when and where there is not a need for their services in these countries.

FILED:

INDEXER: BUDGET-1962

REMARKS: date of paper: ¹²⁻⁵⁻⁶⁰~~12-6-60~~
date of directive: 11-16-60

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DOE NSI DECLASSIFICATION REVIEW E.O. 13526
BY SP8A PML 6-2-97 D08994-023
THIS PAGE ONLY

U. S. ATOMIC ENERGY COMMISSION
CORRESPONDENCE REFERENCE FORM

12-5-60

DATE:

~~Subject: Mutual Security~~

INDEX: OAM 12 President, Office of

~~_____~~
~~_____~~
~~_____~~
~~_____~~

TO:

FROM:

SUMMARY: AEC 751/283 - PRESIDENTIAL MEMORANDUM RE CARRYING OUT PROVISIONS OF MUTUAL SECURITY ACT OF 1954
Memo from the President stating he has signed an executive order to carry out the provisions of the above and to provide for the administration of the US activities in foreign countries.

FILED: IA 6 Passetime Uses of Atomic Energy Vol. 2

INDEXER: date of paper: 11-16-60
date of memo: 11-8-60

REMARKS:

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BY: SP-8 J.P.H. 6/2/99 DORNA/S23

THIS PAGE ONLY

U. S. ATOMIC ENERGY COMMISSION
CORRESPONDENCE REFERENCE FORM

11-8-60

NOV 14 1961

Dear Douglas:

I understand that FY 1962 budget estimates for the Mutual Security Program are now being prepared. The Commission's recommendations concerning the Atom-for-Peace section of this budget is shown in the attached tabulation.

Our principal concern relates to the proposal within the Department of State that the so-called "Type II Fellowship" program, under which fellows appointed by the International Atomic Energy Agency have been receiving training in the United States, be discontinued after FY 1961. We believe that trained personnel is a pressing need in underdeveloped nations desiring to utilize atomic energy for their betterment. We also believe that assistance in nuclear training is among the more significant of the Agency's activities to date, and that consistent with our policy of general support of the Agency, the "Type II Fellowship" program should be continued in FY 1962. We propose that \$400,000 be requested for the program in FY 1962. We believe that this amount will permit training to be continued at an average rate of approximately 50 fellows a year. We do recommend that the contract mechanism for administering the program be reviewed at an early date; the substantial lag in reported expenditures and the lack of informative cost data on the progress of the program is disturbing.

Regarding research reactor grants, we believe it would be inadvisable to attempt to fund one grant out of FY 1961 funds in view of the substantial over-all reductions made in the FY 1961 allocation for the IAEA Atomic Energy Program. This recommendation should not, however, be construed as adverse approval of the pending requests; we believe they should be carefully screened to be sure that such grants will, in fact, contribute to reactors which will be safely and effectively utilized.

We have been informed that within the Department there have been discussions of the possibility that Section 419 should be discontinued, presumably after FY 1962. If the Department is to propose discontinuation of Section 419, we would appreciate the opportunity to discuss the matter with you. Meanwhile, I would hope that actions taken at this time on the 1962 budget would not be such as to prejudice the final decision on this matter.

89-417-11

We will, of course, be pleased to provide any further information you might wish on our recommendations.

Sincerely yours,

Edward W. Wilson

Chairman

The Honorable C. Douglas Dillon
Under Secretary of State

Re: **Recreation
Taxation**

- cc: **Chairman (2)**
- Commissioner Cohen**
- Commissioner Wilson**
- Commissioner Olson**
- A. E. Lindbeck, CH**
- J. A. Hall, ASSTA**
- W. B. McNeil, Secretary
Division of Finance**

Budget - Mutual Security

NOV 14 1950

DISTRIBUTION

✓ Commissioners
General Manager
Secretary

MEMORANDUM FOR: THE GENERAL MANAGER

SUBJECT: ENHANCED SECRETARY SUPPORT FOR THE ATOM-FOR-PEACE PROGRAM

I have signed the letter to Secretary Douglas Dillon which contains the AEC's recommendations for the Fiscal Year 1951 budget for Section 419 of the Mutual Security Act. I would like you to know that in doing so, I am not thereby approving the pending requests for research reactor assistance. I feel that the Commission must be satisfied that such reactors be safely operated and effectively utilized.

With respect to the Type II Fellowships, I am concerned over what appears to be an undue lag in accumulating reliable cost data on the program. I understand that these fellowships are administered by the National Academy of Sciences through contract with the Department of State. While I feel that this type of fellowship - where training is received in the U.S. - is desirable, I would like to be assured that the program is soundly administered. Therefore, I request that a report on the status of the NSA program be prepared for Commission consideration in December.

(Signed) John A. McCone

John A. McCone

11-14-50

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Budget - Mutual Security

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AEC 989/5

October 27, 1960

COPY NO. 52

AEC
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ATOMIC ENERGY COMMISSION

ADMINISTRATION OF SECTION 419 (ATOMS FOR PEACE)
OF THE MUTUAL SECURITY PROGRAM

Note by the Secretary

The General Manager has requested that the attached memorandum from the Director of International Affairs be circulated for the information of the Commission.

W. B. McCool
Secretary

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Asst. Gen. Mgr. Adm.	13
Asst. to the GM	14
General Counsel	15 - 18
Biology & Medicine	19
Congr. Relations	20
Finance	21 - 23
Health & Safety	24
Isotope Development	25
Public Information	26 - 27
International Affairs	28 - 38
Office of Plans	39
Operations Analysis	40
Reactor Development	41 - 46
Research	47
Special Projects	48
D. C. Office	49 - 51
Secretariat	52 - 56

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Y-1A12-JAEA

10-27-60

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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D. C.

October 21, 1960

MEMORANDUM

TO : A. R. Luedecke, General Manager

THRU : John A. Hall, Assistant General Manager
for International Activities

FROM : A. A. Wells, Director
Division of International Affairs

SUBJECT: ADMINISTRATION OF SECTION 419 (ATOMS FOR PEACE) OF THE
MUTUAL SECURITY PROGRAM

In the course of current discussions with the Office of the Special Assistant to the Secretary of State for Disarmament and Atomic Energy (S/AE) concerning the Section 419 ("Atoms for Peace") Mutual Security Program budget for FY 1962, it has appeared that several substantial changes in the administration of the program are being considered within the Department of State. These possible changes, of which we felt you should be advised, are outlined below. They affect both U.S. support of the IAEA and our bilateral assistance programs.

A. Possible changes affecting support of the IAEA.

S/AE feels that following a transition period of several years, U. S. support of the IAEA should be put on an assessed basis and funded under the Department of State appropriation. Under this arrangement, the U. S. contribution would be limited to approximately 1/3 of the total contributions.

As a first step in this transition, S/AE appears to feel that while the same maximum contribution to the Voluntary Fund should be offered in FY 1962 as in previous years (\$750,000), the conditions of the offer should be changed to provide that in any case the U. S. contribution will not exceed 40% of the total contributions.

In addition, S/AE favors discontinuation of the provision of funds specifically for support of study in the U. S. of IAEA-sponsored fellows ("Type II Fellowships").

The possible changes outlined above are in the discussion stage within the Department of State. It is evident that if they are adopted wholly or in large part they would result in a substantial reduction of U. S. support of the IAEA in FY 1962 from the levels of previous fiscal years. While we feel that a gradual and well-ordered transition to an assessed basis of U. S. support deserves careful consideration, it will be our assumption in our continuing discussions with State that the Commission

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would oppose as abrupt and drastic a reduction of U. S. support as S/AE may favor.

B. Possible changes affecting bilateral assistance programs.

S/AE favors absorption of the equipment grant program into the technical assistance programs of the various countries after FY 1962. The grants would thus be administered by ICA with the AEC standing ready to provide technical advice. Meanwhile, S/AE favors transfer of administrative responsibility for the program to ICA as quickly as satisfactory inter-agency agreement can be worked out.

Funds have also been made available from Section 419 in the past for provision of consultant services on a bilateral basis. Again S/AE seems to feel that these activities should be integrated into the various ICA country programs, with AEC playing only an advisory role. The present arrangements for assisting symposia sponsored by the IAEA and IANEC and for providing "cost-free consultants" at the request of IAEA would continue to be administered as at present for the time being.

These proposed changes affecting bilateral assistance are also in the discussion stage within State. Should they be proposed to us formally, we would take the position we would be unable to concur in them without authorization of the Commission.

Should the Department of State formally propose changes substantially as outlined above, it would probably follow that they would favor discontinuation of Section 419 at the end of either FY 1961 or FY 1962.

We have thought it desirable to inform you of this situation in advance of formalization of the position of the Department of State, because of the possibility that it may prove necessary to seek policy guidance from the Commission on the issues involved, on an urgent basis. Meanwhile, we have prepared and expect to submit to you shortly our recommendations as to budgeting for the Section 419 program for FY 1962.

~~OFFICIAL USE ONLY~~

OCT 25 1960

Dear Senator Anderson:

We have from time to time made reports to the Joint Committee concerning developments in our equipment grant program, funds for which are authorized under Section 419 of the Mutual Security Act of 1954, as amended. The following grants are the most recent to be approved under this program:

<u>COUNTRY</u>	<u>AMOUNT</u>	<u>EQUIPMENT AND MATERIAL</u>
Brazil	\$149,300	Two Co-60 irradiators for agricultural irradiations.
India	30,741	Clean Unit and fly sterilization facility.
Israel	200,000	Equipment for a "hot" laboratory at the Nahal Sorek Nuclear Research Establishment.
Korea	100,235	Equipment for medical, general radiosteps, and agricultural research and training laboratories (two each).
Turkey	100,100	Natural uranium core loading for subcritical facility constructed by the University of Ankara.
Yugoslavia	150,000	Equipment for a "hot" laboratory for Svecia Kibric Institute of Nuclear Energy.

With the exception of the Turkish grant, the U.S. Embassies in the aforementioned grant recipient countries are taking appropriate steps to effectuate the grants. The grant to Turkey is being arranged by the Atomic Energy Commission with the Turkish Embassy in Washington.

The equipment to be acquired with these grant funds will be purchased by the recipient countries from United States manufacturers. Transportation costs, insurance en route and installation charges for the equipment and materials are paid by the recipient countries. They are

10-25-60

OCT 25 1960

responsible, also, for housing, maintenance and operation of the items, and for furnishing such supplementary equipment as necessary.

Copies of technical papers resulting from the use of the items acquired with United States grants will be furnished the Commission and a plaque acknowledging the assistance of the United States will be displayed in the laboratories where items acquired with grant funds are utilized.

In addition to the grants listed above, which have been made by the United States directly to the country concerned, contributions in kind of approximately \$192,000 of nuclear equipment were furnished through the International Atomic Energy Agency to eight member countries. A list of these countries showing the equipment furnished is attached as Appendix "A".

We shall be glad to submit any additional information on these grants which may be of interest to the Committee.

Sincerely yours,

Chairman

Honorable Clieston F. Anderson
Chairman, Joint Committee on
Atomic Energy
Congress of the United States

Enclosure
Appendix "A"

- cc: Chairman 2
- Commissioner Cohen
- Commissioner Wilson
- Commissioner Glenn
- A. N. Ledwith, G.M.
- J. A. Hall, AECIA
- V. H. McCool, Secretary
Cong. Com. 2
- E. E. Beard, SAG
- W. H. Pennington, TD
- W. M. Fullerton, ALIC
- R. M. Slawson, ALIAA/LA
- V. L. Thomas, IAEA

DIA CONCURRENCES:

- IA:DFE _____
- IA:IE _____
- IA:ALIA/LA _____
- IA:IANA _____
- IA:AD/TE _____

IA:Dep. Dir. _____

OCC

OTHER CONCURRENCES:

OCC

IA:DFE

IA

CONG. COMM. AECIA

AGI

NSM

ON

Brodigan

Wells

10-17-60

APPENDIX A
CONTRIBUTIONS TO THE STATE TREASURY
FOR THE FISCAL YEAR 1967

OFFICE	TYPE OF CONTRIBUTION	AMOUNT
Administration	Public Health Laboratory	\$5,000
Agriculture	Entomological Laboratory	2,500
Cancer	Cancer Control Laboratory	2,000
Health	Laboratory Services	2,000
Homes	Laboratory Services	2,000
Hospitals	Laboratory Services	2,000
Industry	Contribution for laboratory services	5,000
Total Available Funds	State Scientific Laboratory and Laboratory Services	27,000

OCT 19 1950

MEMORANDUM FOR CHARLES McCURE
THROUGH GENERAL MANAGER
SUBJECT: LETTER TO JCSA ABOUT EQUIPMENT GRANTS

Attached is a letter for your signature which advises
the Joint Committee on Atomic Energy of certain equip-
ment grants, the funds for which were provided under
Section 419 of the Mutual Security Act.

Signed By:
A. A. Wells
A. A. Wells, Director
Division of International Affairs

Attachment:
Letter to JCSA - see signed ltr under det - 10-25-60

- cc: Commissioner Graham
- Commissioner Wilson
- Commissioner Olson
- A. R. Luedtke, C.M.
- W. B. McCool, Secretary
- J. A. Hall, ACHIA
- Cong. Comm. 2
- H. R. Beard, NSO
- H. H. Pennington, TD
- W. H. Fullerton, ALIE
- R. H. Finson, ALIA/IA
- W. L. Youmans, IARA

- DIA CONCURRENCES:
- IA:IFT _____
- IA:ALIE _____
- IA:ALIA/IA _____
- IA:IAEA _____
- IA:AD/TI _____
- IA:Dep. Dir. _____
- OTHER CONCURRENCES:
- OC _____

IA:IFT IA CONG. COMM. ACHIA ACSI NSM CR
Bradleyson Wells

10-29-60

MEMORANDUM FOR THE COMMISSIONERS
INTERNAL SECURITY - RACIAL MATTERS
RE: [REDACTED]

As requested by Mr. [REDACTED], there is attached a summary
report covering the subject that has been furnished by
the Internal Security - Racial Matters Branch, New York Office,
New York Office's inspection of the subject file.

It should be noted that it is requested to answer any specific questions
you may have.

A. A. Miller, Director
Division of International Affairs

- Approved:**
[REDACTED]
- cc: Chairman, Board**
Commissioner, Bureau
Commissioner, Field
General Manager
ASAC
Administrative

UNITED STATES SUPPORT

to the International Atomic Energy Agency

A. Introductory Note

The International Atomic Energy Agency (IAEA) has a two-part budget, known as the Regular Budget and the Operational Budget.

The Regular Budget includes the costs of the staff of the Agency, costs of meetings and distribution of information, and expenditures required for the preparation of Agency projects and the implementation of Agency safeguards. Member States support the Regular Budget in accordance with a scale of fixed assessments adopted from the United Nations. The United States assessment is 22.52 percent and the funds for this are included in the Department of State appropriation for U.S. participation in International Organizations.

The Agency's other expenses must be included in the Operational Budget which is supported by voluntary contributions from those member states willing to contribute. These expenses support the Agency's laboratory facilities, the fellowship and training program, and the technical assistance program (experts and equipment). Each year the United States has made a fixed contribution to this budget (\$500,000) and has offered to contribute additional amounts (of up to \$200,000) on a matching basis, once its fixed contribution has been matched by other Member States. As noted below the U.S. has thus far contributed \$91,500 (in 1959) on this matching basis. The funds for the U.S. voluntary contributions come from Section 419 money in the appropriation for the Mutual Security program.

In addition to budgetary assistance, the United States has made a number of important special grants to the Agency and has assisted various Agency programs, as shown in the summary below.

B. U.S. Contributions in Millions

1. Regular Budget (Assessed)

1958 (including Working Capital Fund)	\$ 2,029,464
1959	1,000,000
1960	1,000,000
subtotal	<u>4,029,464</u>

2. Operational Budget (Voluntary)

1958	\$ 0,570
1959	591,500
1960 (no data)	500,000
subtotal	<u>1,091,570</u>

3. Functional laboratory building

	600,000
total	<u>7,321,034</u>

2. THE STATE OF TEXAS

1. The state of Texas (cont)	100,000
2. Expenses for various purposes (cont)	100,000
3. The state of Texas (cont) - various	100,000
4. If any amount is available to the	100,000
5. Total amount available for various	100,000
6. Other amounts - (cont) 100,000	100,000
7. Amount available for various	100,000
8. Amount available for various	100,000

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STATE OF TEXAS
COMPTROLLER GENERAL
AUG 15 1964

*Budget 2-11-60 used
Security Program*

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AEC 989/4

August 24, 1960

COPY NO. 52

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989
4

ATOMIC ENERGY COMMISSION

REDUCTION OF FUNDS IN ATOMS FOR PEACE PROGRAM

Note by the Secretary

The attached exchange of letters with the Department of State is circulated for the information of the Commission.

W. B. McCool
Secretary

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Asst. Gen. Mgr. Adm.	13
Asst. to the Gen. Mgr.	14
General Counsel	15 - 18
Biology & Medicine	19
Congr. Relations	20
Finance	21 - 23
Health & Safety	24
Isotope Development	25
Public Information	26 - 27
International Affairs	28 - 38
Office of Plans	39
Operations Analysis	40
Reactor Development	41 - 46
Research	47
Special Projects	48
D. C. Office	49 - 51
Secretariat	52 - 56

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of AEC.*

09-47-3

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ENCLOSURE I

DEPARTMENT OF STATE
WASHINGTON

August 19, 1960

Dear John:

I appreciate the concern expressed in your letter of August 9 regarding the reduction of \$1.9 million made by the House in the Atoms For Peace program. You are undoubtedly aware that the House also cut the entire Mutual Security Program \$591 million below the President's request and \$502 million below the amount authorized.

In view of the vast new responsibilities imposed upon the MSP in recent months and the large number of hampering restrictions written into the appropriations act, it became necessary to concentrate our reclama efforts in the Senate Appropriations Subcommittee upon matters of critical importance. Thus, since the Atoms For Peace program appeared to have little chance because of past criticisms by Congress, a decision was reached not to seek restoration of the original request for this program. A similar decision was made regarding several other programs.

However, we believe that it will be possible to meet our IAEA commitments without difficulty from an appropriation of \$1.5 million. Your letter indicates we can meet our contribution of \$750,000 to the IAEA operating budget although this amount has not been required in its entirety in past years.

As to IAEA scholarships, no funds of the FY 1960 appropriation have yet been utilized. In view of the fact that the \$700,000 set aside for this purpose last fiscal year will be available in its entirety during FY 1961, it will be possible to reduce the amount set aside for scholarship purposes. It may be of interest to note that in addition to IAEA scholarships, ICA currently plans to provide training for an additional 160 nuclear scientists through the Technical Cooperation program.

It will be possible also to meet a commitment for a research reactor grant to Yugoslavia from the FY 1961 appropriation. We hope that Congress will permit us to deobligate unused funds from past years in an amount to meet a request for one additional research reactor. We contemplate also that some funds will be available for consultant services.

These arrangements will, of course, serve only to meet our more pressing needs in the Atoms For Peace program. However, I am sure you will appreciate the fact that many current situations of international tension will require that FY 1961 funds from the Mutual Security Program be allocated as best we can on the basis of priority need.

With best wishes,

Sincerely,

/s/ Douglas Dillon

Acting Secretary

The Honorable
John A. McCone,
Chairman,
Atomic Energy Commission,
Washington 25, D. C.

UNCLASSIFIED

ENCLOSURE II

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D. C.

Dear Douglas:

Your letter of June 23, 1960,* to the Senate Committee on Appropriations, concerning the Mutual Security Appropriation Act passed by the House of Representatives, has been brought to our attention. We are, of course, particularly interested in your statement that the Executive Branch is willing to attempt to meet the requirements of the Atoms for Peace Program (Section 419 Mutual Security Act) within the appropriation as reduced by the House from the \$3.4 million requested, to \$1.5 million.

The reduced amount would accommodate two programs of support to the International Atomic Energy Agency at the levels established in previous years, as follows:

- | | |
|---|------------|
| 1. Contribution to the IAEA
Operating Budget | \$ 750,000 |
| 2. IAEA Scholarship Program | \$ 700,000 |

If these programs are continued at the prevailing levels, as I think you will agree they should be, the remainder of the Atoms for Peace Program will have to be virtually discontinued. These programs include equipment grants made through the IAEA and bilateral grants for research reactors and equipment, as well as support to symposia and surveys.

For these reasons, which are developed in the statement submitted to the Senate Committee on Appropriations by Assistant Secretary Wilcox, I am most anxious that you be informed of the Commission's serious concern regarding the proposed cut, and of our hope that upon further consideration you will strongly urge restoration of the full \$3.4 million requested.

Sincerely yours,

/s/ John A. McCone

Chairman

Honorable Douglas Dillon
Under Secretary of State
Washington 25, D. C.

*Copy on file in DIA.

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AEC 989/3

April 5, 1960

COPY NO. 51

ATOMIC ENERGY COMMISSION

SECTION 419 MSP HEARING, HOUSE COMMITTEE ON APPROPRIATIONS

Note by the Secretary

The Assistant General Manager has requested that the attached memorandum from the Acting Director of International Affairs be circulated for the information of the Commission.

W. B. McCool
Secretary

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Asst. Gen. Mgr. Adm.	14
General Counsel	15 - 18
Biology & Medicine	19
Congr. Relations	20
Finance	21 - 23
Health & Safety	24
Isotope Development	25
Information	26 - 27
Inspection	28
International Affairs	29 - 38
Office of Plans	39
Operations Analysis	40
Reactor Development	41 - 46
Research	47
D. C. Office	48 - 50
Secretariat	51 - 55

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Office Memorandum • UNITED STATES GOVERNMENT

TO : A. R. Luedcke, General Manager
THRU : J. A. Hall, AEMIA
FROM : M. B. Kratzer, Acting Director
Division of International Affairs

DATE: April 1, 1960

SUBJECT: SECTION 419 MSP HEARING, HOUSE COMMITTEE ON APPROPRIATIONS

This is to inform you of principal developments arising in the hearing on the FY 1961 Atoms for Peace program (Section 419, Mutual Security Program) before the House Appropriations Subcommittee on Foreign Operations, which was held on March 31.

Principal testimony was given by Mr. Philip Farley, Special Assistant to the Secretary for Disarmament and Atomic Energy, Department of State. Messrs. T. O. Jones and E. H. Schneider, of the Division of International Affairs, attended to answer questions on phases of the program administered by the AEC; ICA was also represented.

The Committee's questioning was dominated by Chairman Passman. Congressmen Andrews and Gary were the only other members in attendance.

Mr. Passman recalled the Committee's criticisms of the Section 419 program in past years and commented critically and at some length on the program proposed for FY 1961. No questions of major significance on research reactor grants or symposia and surveys were raised, however, and equipment grants were not mentioned; these were the phases of the program with respect to which it had been agreed that Mr. Farley would turn to the AEC for information he did not have himself.

Mr. Passman criticized arrangements under which it is proposed that after contributions to the IAEA operational budget reach \$1 million (of which amount the U.S. would contribute \$500,000), the U.S. will make further contributions up to a maximum of \$250,000 to match additional contributions paid in by Member States. The suggestion was made that these arrangements placed a disproportionate burden on the U.S.

There was considerable discussion of the IAEA Fellowship program, and the distinction between Type I Fellowships (those financed out of the IAEA's operational budget) and Type II Fellowships (those entirely financed by the U.S. using Section 419 funds) was explored. Mr. Passman was skeptical that the Type II Fellowship program is justified.

In the course of the discussion of Fellowships for training in the U.S. it developed that some of them had been awarded to Soviet Bloc nationals.

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Mr. Passman seemed particularly concerned by this point, stating that while he could not speak for the Committee, he himself would be unable to defend provision of funds for training Soviet Bloc nationals in this country.

Allusion was made to the proposed use of ICA's technical cooperation program funds (as distinct from Section 419 funds) for training foreign engineers and scientists in nuclear technology. Mr. Passman in particular questioned the desirability of the use of such funds in FY 1961 in Egypt and Cuba.

At the beginning of the hearing, Mr. Passman commented upon the absence of an Atomic Energy Commissioner, recalling that a Commissioner had testified in past years. He paid tribute at this time to the late Commissioner Vance who had appeared before the Committee in the previous two years. Mr. Farley stated that in view of his own long association with the program, it had been felt that he would be in a good position to answer such questions as the Committee might have.

The tenor of Chairman Passman's remarks, as well as past experience, suggest that a fairly substantial cut from the \$3.4 million requested for the Section 419 program in FY 1961, can be expected. The additional possibility is suggested of troublesome complications affecting U.S. support of the IAEA.

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DATE:

INDEX: Budget 2 Mutual Security Program

TO:

FROM:

SUMMARY: AEC 752/253 - TERMINATION OF REACTOR GRANT PROGRAM
Memo to the Gen. Mgr. frm. DIA stating that the DOD is assuring an instruction to its overseas missions that requests for research reactor grants, under the program funded from the MSA, must be received prior to 6-30-60.

FILED: R&D 1 Peacetime Uses of Atomic Energy Vol. 5

INDEXER: date of paper: 1-19-60
date of memo: 12-23-59

REMARKS:

CONFIRMED TO BE UNCLASSIFIED
DUE TO DECLASSIFICATION REVIEW E.O. 13526
BY SP8 E.A.M. 6-21-97 DDB/MSG

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AEC 989/2

December 28, 1959

COPY NO. 43

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ATOMIC ENERGY COMMISSION

FY 1961 ESTIMATES FOR SECTION 419, ATOMS FOR PEACE, MSP

Note by the Secretary

The General Manager has requested that the attached memorandum from the Director of International Affairs be circulated for the information of the Commission.

W. B. McCool

Secretary

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Commissioners	2 - 6
General Manager	7
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Asst. Gen. Mgr. IA	9
Asst. Gen. Mgr. R&ID	10
Asst. Gen. Mgr. Adm.	11-12
General Counsel	13-16
Biology & Medicine	17
Congr. Relations	18
Finance	19-21
Isotope Development	22
Information	23-24
Inspection	25
International Affairs	26-35
Operations Analysis	36
Reactor Development	37-39
D. C. Office	40-42
Secretariat	43-47

12-28-59

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : A. R. Luedcke
General Manager

DATE: November 30, 1959

FROM : A. A. Wells, Director - *Wells*
Division of International Affairs

SUBJECT: FY 1961 ESTIMATES FOR SECTION 419, ATOXIS FOR PEACE, MSP

On November 6, 1959, we were notified by the office of the Assistant to the Secretary for Disarmament and Atomic Energy, Mr. Philip J. Farley, Department of State, that Mr. John Bell, Mutual Security Coordinator, had recommended a drastic cut (\$4,050,000 to \$2,450,000) in our estimated Section 419 requirements for FY 1961. We were further advised that if we intended to defend our estimates, a statement would be needed by the close of business November 6. The statement was prepared and delivered. On November 9, we were informed by Mr. Farley's office that Mr. Bell had not changed his recommendation and that any further appeal would have to be made with the Under-Secretary of State, Mr. Douglas Dillon. Mr. Farley met with Mr. Dillon on November 11 to discuss this matter, and I accompanied him to assist in the defense. No final decision was made at that meeting.

On November 27, Mr. Howard Bruskin, of the Mutual Security Coordinator's office, advised us that Mr. Dillon had restored \$950,000 of the \$1,600,000 cut by Mr. Bell. A comparative tabulation of our original request and Mr. Dillon's approved revision follows:

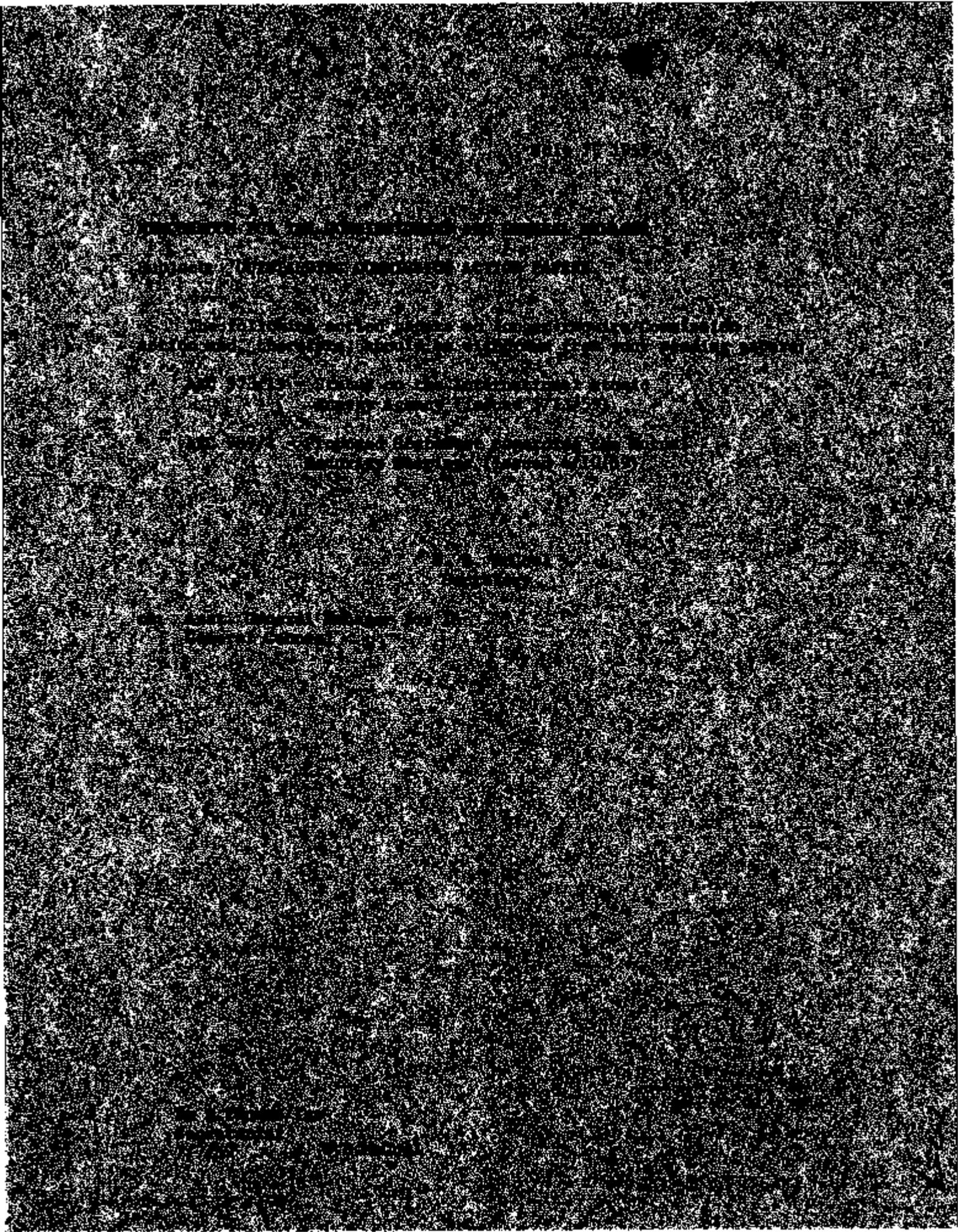
	Request to MSC <u>1/</u>	MSC Final Revision
1. Reactors	\$ 700,000	\$ 350,000
2. Research & Training Equipment	1,500,000	1,250,000
3. Survey & Development, Peaceful Uses	400,000	350,000
4. Contribution IAEA Voluntary Fund	750,000	750,000
5. IAEA Type II Fellowships	700,000	700,000
	<u>\$4,050,000</u>	<u>\$3,400,000</u>

1/ Total for program same as approved by AEC Budget Review Committee, however, subsequent discussions with S/AE resulted in adjustments in detailed make-up of figure.

Mr. Bruskin further advised us that the ICA contract with the University of Michigan, through which the ICA has provided nuclear consultants, would be continued in FY 1961. We had requested that the contract not be renewed. Funds for the ICA-Michigan contract have been included in Section 419, however, in FY 1961 financing will be from regular ICA technical cooperation funds. The annual obligation for the Michigan contract has been \$160,000.

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I do not believe that the net reduction of \$650,000, approved by Mr. Dillon, will adversely affect our support of technical co-operation through the IAEA or the Commission's administered atoms for peace activities. The IAEA has not yet finalized an active equipment grant program, and it is not possible to estimate IAEA needs until we are furnished more definite plans.



DATE:

INDEX: Budget Mutual Security Program

TO:

FROM:

SUMMARY: AEC 751/234 - APPLICATION OF "BUY AMERICAN" LIMITATIONS TO
"ATOMS-FOR-PEACE" EQUIPMENT GRANT PROGRAM

It is requested that the Commission approve the elimination of the requirement that equipment grants made by AEC, using MSP funds, be used exclusively for the purchase of equipment mfg. in the US & the elimination of such "Buy American" might require some modifications in the detailed administrative procedures.

FILED: R&D 1 Vol. 4 Peaceful Uses of Atomic Energy

INDEXER: Date of paper: 5-16-59

REMARKS:

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DOE NSI DECLASSIFICATION REVIEW E.O. 12958
BY SP 8A.P.M. 6/21/99 DOEN04623

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U. S. ATOMIC ENERGY COMMISSION

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April 10, 1959

AEC 989/1

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ATOMIC ENERGY COMMISSION

PROPOSED STATEMENT ON MUTUAL SECURITY PROGRAM BUDGET
ESTIMATES FOR FY 1960

Note by the Secretary

1. Attached for consideration by the Commission at an early date is a draft statement for defense of FY 1960 estimates for Atoms-for-Peace funds in the Mutual Security Program at a hearing before the House Foreign Affairs Committee on April 16, 1959.

2. The Director of International Affairs has advised that the attached draft has been cleared with the Department of State; and that the budget estimates described have been approved by the Mutual Security Coordinator, Department of State, have been reviewed and cleared by the Bureau of the Budget, and have been transmitted to the Congress.

W. B. McCool

Secretary

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Asst. Gen. Mgr. Adm.	11
General Counsel	12 - 15
Biology & Medicine	16
Congr. Relations	17
Finance	18 - 20
Isotope Development	21 - 22
Information	23 - 24
Inspection	25
International Affairs	26 - 35
Operations Analysis	36
Reactor Development	37 - 39
Secretariat	40 - 45

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45-01-1

DRAFT TESTIMONY BEFORE HOUSE FOREIGN AFFAIRS
SUBCOMMITTEE ON MUTUAL SECURITY PROGRAM FUNDS

1. The Atomic Energy Commission is pleased with this opportunity of speaking in behalf of Mutual Security funds for use in the Atoms-for-Peace program.

2. Since July 1956 and through the current fiscal year, approximately \$12 million of Mutual Security funds will have been invested in measures to help friendly countries initiate or develop nuclear energy programs. The Atoms-for-Peace program is tailored to a country's needs and resources and is especially useful to the less-developed countries.

3. We propose that \$6,500,000 MSP funds be applied in 1960 as follows: (1) research reactor grants, (2) equipment grants (3) survey and development assistance, (4) support for the IAEA operating budget, and (5) the U.S. offer to provide scholarships through the Agency. These areas complement what is done with AEC and ICA funds in providing training for foreign nationals and in providing program assistance under bilateral or multilateral arrangements.

4. Research Reactors - \$2,450,000. These reactors are tools that make possible research programs in nuclear physics, radiation chemistry, reactor engineering, and the biological and medical sciences. The reactor and the radioisotopes produced therein

provide the practical supplement to textbook lectures. Recipients of grants are afforded an opportunity to progressively prepare themselves for more advanced, complex and hazardous reactor systems. In so doing, it is probable that the entire scientific effort of the country is upgraded.

5. Since 1955, the United States has been prepared to contribute up to one-half of the cost of a research reactor project, with the stipulation that the grant cannot be in excess of \$350,000. In no case has this sum equaled half of the cost of a project. Most total outlays are in excess of \$1 million. In fact, some projects require expenditures of from \$3 million to \$10 million for completion.

6. So far this year, a reactor grant has been processed for the Republic of Korea. We expect to qualify projects from at least three countries between now and July, in addition to the 17 commitments that have already been made since the program's inception. On the basis of information now available, we anticipate seven more applications in Fiscal Year 1960.

7. With two exceptions, the 17 reactors for which grants have been committed are or will be of U.S. manufacture. While it has not been the objective of the program, it has assisted U. S. industry in achieving world leadership in research reactor manufacturing.

8. Agreements for Cooperation are required in order to qualify for a reactor grant. These agreements provide for an exchange of information between the recipient country and the United States in the research reactor field, including related health and safety problems.

9. Research and Training Equipment - \$2,050,000. In addition to reactor grants, (or, if a country is not ready for the installation and use of a research reactor) the United States makes grants available for acquisition of such equipment as: general radioisotope, nuclear engineering, and medical training and research laboratories; and Cobalt-60 teletherapy and irradiation units.

10. An example is the recently approved grant for the Government of Columbia for a medical radioisotope research and training laboratory and a Cobalt-60 teletherapy laboratory. The laboratories will be installed in the National Cancer Institute of Bogota, thereby improving its diagnostic, therapeutic, and training capabilities. The Institute, founded in 1935, has treated more than 4,000 patients, including a number from neighboring countries.

11. As during the first part of the reactor grant program, we have had to feel our way along. But this program can be grasped fairly easily by the man in the street, and consequently, builds

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prestige and influence for the United States at the same time that it meets critical needs in the countries assisted.

12. The \$2,050,000 requested for 1960 would enable the United States to make grants to about 30 countries.

13. Receiving countries are expected to provide the United States with technical information developed as a result of the use of this equipment.

14. Survey and Development of Peaceful Uses - \$500,000.
Technical and advisory services to foreign countries and international organizations help to achieve our objective of maximum development with means available within a country. Such surveys also provide guidance for wise expenditures under the Atoms-for-Peace program.

15. Consideration is being given to the support of symposia to be conducted in conjunction with the IAEA or regional organizations. This coming June, Mutual Security Program funds in supplement of Organization of American States funds will make possible the Second Inter-American Symposium on nuclear research and application to the life sciences which will be held in Buenos Aires under sponsorship of the Organization of American States.

16. Also included as a possible activity under this item are training films. These complement the technical libraries made

available through AEC funds. A package library of 45 training films can be made available for about \$2,500.

17. Contribution to the IAEA - \$750,000. Many of the important activities of the International Atomic Energy Agency are supported by assessed contributions from its membership as a whole. There is, in addition, a special account referred to as an Operational Fund derived from voluntary contributions of members, which is used to pay for the majority of International Agency technical assistance activities. The goal for this fund is \$1.5 million for the current calendar year. The Agency's operational budget for 1960 is expected to be at least \$2 million. It is in support of that budget that we are requesting authorization to pledge \$750,000.

18. During the first year of its existence, the IAEA not only made swift progress in organization and staffing, but also initiated a program designed to achieve its mandate of accelerating the development of peaceful applications of atomic energy.

19. The Agency already has made a noticeable contribution to improving world atomic technology through its operation of a training program and the provision of exports to less-developed countries. Concomitantly, the Agency has begun to implement its functions concerning health and safe handling of atomic materials. To this end, meetings of experts have occurred or are planned. Progress has been made in such fields as safe handling of

radioisotopes, waste disposal at sea, and third party liability.

20. I believe we all recognize that one of the prime responsibilities of the Agency lies in the provision of nuclear material under safeguards. The furnishing of uranium metal to a Japanese research reactor by the Agency and its establishment of initial safeguards procedures for this project augurs well for the IAEA's future. I should add that the uranium metal for this project is being made available by Canada at no charge to the Agency, a heartening example of the importance other member states attach to the Agency.

21. Continued U.S. leadership and support of the Agency is, of course, required. The appropriation request now under consideration is a facet of this support.

22. U.S. Scholarship Program - \$750,000. These funds will make possible the training in the United States of about 100 students sponsored by IAEA during the 1960-61 academic year. Applications are made through the IAEA and processed in the United States by the National Academy of Sciences under ICA contract.

23. In the Atoms-for-Peace program, effectiveness of a nuclear energy program is directly dependent on the technical competence of personnel. By providing these scholarships we will

make possible a service that not only will strengthen the IAEA but will continue to promote strong ties between the United States and other countries.

24. In conclusion, let me affirm that, in its entirety, the sum requested here is based on value to the country or countries that will be benefited. But the United States will benefit too, in terms of leadership in the Atoms-for-Peace effort -- an effort that contributes significantly to the achievement of our foreign policy objectives of world peace and security.