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December 15, 1947

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PRESIDENT SPROUL:

As you will recall, I went to Washington principally for the purpose of discussing with representatives of the Atomic Energy Commission a type of contract that we would have for the cyclotron project for the period after June 30, 1948. In general, the proposals made by the representatives of the Commission were entirely satisfactory to Messrs. Conard, Priestley, Lundberg and me. There is still left for discussion, however, some of the details in regard to the terms of the lease should the Government determine to finance the construction of a general laboratory or other building on the Wilson Tract. The present indications are that the contract will be for three years, and that for the year commencing July 1, 1948 the program will be on a basis of an annual expenditure of \$3,000,000, which is perhaps 60% of the rate of expenditure at the present time.

It was indicated in the conversations that the Bevatron, which was developed by the Berkeley staff, might be constructed somewhere else, say at the Brookhaven Laboratory on Long Island, or the Argonne Laboratory outside of Chicago, and correspondence which was read to university representatives indicated that Dr. Lawrence was requested directly to freely exchange, which actually means give, information as to this Bevatron, so it could be constructed by any one of the Government financed laboratories. I am informed that the subject of the construction of the Bevatron came up at the National Scientific Advisory Committee meeting, and that there seems to be considerable leaning toward the Brookhaven Laboratory, which is an association of nine universities on the East coast. General conversations around one of the eastern institutions is that it is time to break the University of California atomic trust, and while there may seem to be an argument that the University of California should not have so much expenditure, that argument is fallacious due to the tremendous amounts being spent at Brookhaven and Argonne for capital improvements in the establishment of a plant, which once established must have research work to justify its existence.

The present method of overhead computation, which gives the University payments somewhat similar to the USRU of a proportion of its overhead expense directly relating to the total expenditures of the University on all of its own and Government projects, reimbursement for interest on buildings and equipment used, a depreciation payment, and 5% of salaries for undetermined costs and contingencies, does not seem satisfactory to the Atomic Energy Commission financial officers. We tried to obtain adoption of the overhead formula prepared in conference between Navy representatives and university officers, but the Commission will not accept this. This Navy plan, the so-called Mills formula, is not an ideal plan, but it is workable and satisfactory. The objection on the part of the Commission is that it does not actually know what the costs are and there are some intangible and indefinite items. What the Commission is working for is a smaller overhead payment than provided by the Mills formula and a complete elimination of any reimbursement of interest on University buildings and equipment use for the project. In the discussion, it was finally left to Mr. Lundberg to develop a formula which would actually cover the University's overhead but not leave a profit. Mr. Lundberg will develop

1163356

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NOTES	
12/15/47 RM Underhill to RG Sproul. 2 of 4	
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a formula and then together we will attempt to have a reasonable plan adopted. Such a formula would eliminate a contingency factor which we now have, but I feel certain it would cover all the University's costs, and would not raise a profit issue which might tend to eliminate Government support of some of the activities on this campus. It should be said that the Government is very complimentary on the methods of operation and accounts of the University, and our attitude in not seeking large profits, either disclosed or hidden, seems to be putting us in a favorable position against some of the institutions which have not been as prompt in their accounting or as open in their discussions.

During the course of the conversations there were many references to the Los Alamos project, and we all insisted that the Los Alamos contract remain unchanged in view of the fact that it is automatically terminated as of June 30. Certain protective clauses in the two contracts are carried specifically in the Los Alamos contract and only by reference in the Berkeley contract, and in the new contract for Berkeley these are to be brought in specifically so that the two contracts could be cut apart if, as and when the Los Alamos contract terminates.

There were one or two minor references to our staying in Los Alamos after June 30, but there were no specific requests that we do stay or any suggestions of how our continuance would be attractive or satisfactory to the University. Neither was there an indication that an announcement would be forthcoming in December... When I got to Los Alamos on my way home I found that not a thing had been done by the Government to obtain a successor in operating the contract, and the general attitude seems to be that by delaying we would again be put in a position whereby we would have to continue. There was some suggestion by Dr. Bradbury that we might find continuance of the project satisfactory if we could be relieved of the Sandia branch. I have always wanted to get rid of that branch operation, but in view of the directions of the Finance Committee that the Los Alamos contract be terminated at an early date, I gave no encouragement to such a suggestion. The situation at Sandia is such that under no conditions should the University contemplate continuing that part of the work, even if it is forced into a situation where it must continue at Los Alamos.

Upon my return to Los Angeles, Col. S. L. Stewart, who has been the Government representative in connection with the Los Alamos project for four years, came to UCLA, and in the presence of Miss Woolman who was working in the room, made the following statement: That the Government had done nothing to relieve us of Los Alamos, and that arrangements are now under way whereby I would be requested by the President of the United States to come to the White House for a discussion of the matter, and that at this White House conference pressure would be applied to the end that the University would continue to operate the project. Such a situation seems somewhat astounding, and I do not see any reason why I should be called upon to meet any such request, although I know the attitude of The Regents and of all other citizens is that when the President of the United States asks someone to call, he calls. I should not want to be put in such a position without complete knowledge of the situation in advance by the Finance Committee of The Regents. I do not know if and when such a request will be forthcoming, but in view of the situation as it is developing in Los Alamos, if it comes, it must come soon. I, therefore, feel it necessary that the Finance Committee be advised of this matter on December 23.

1163351

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After I returned to Berkeley on Saturday, I learned of another angle of pressure. Mr. Carroll Wilson, General Manager of the Atomic Energy Commission, was supposed to be here this week, and I understood he wanted an appointment with you. However, he postponed his trip, and is now expected to arrive on January 7, with Secretary of the Army Royall, and Special Assistant to the Secretary of the Army Edwin Paulay. They are expected to call upon you with an urgent request that the University continue in the operation of Los Alamos for two years. Which of these methods of attack will be followed I do not know, but you and The Regents should be prepared for both, and should there be any decision on the part of The Regents that we continue this operation for two years, the situation in Los Alamos calls for no concessions on our part as to change in responsibility or for the assumption of things that we cannot now assume in view of the field actions of the Government representatives. At the present time we are lending our name and our fiscal management to a Government activity. We are absolved in the contract from any responsibility, except for willful misconduct on the part of an officer of The Regents or the person directly in charge of the project. Actually, the person in charge of the project never was a University employee, and I do not believe he takes any direction from you or any other University representative, although he does follow, perhaps at times reluctantly, some of my financial rulings. How we can be held responsible for neglect on his part, which I am sure would not be willful neglect but might be neglect because of lack of experience, I do not know. At the present time we have the following persons running the project, none of whom were ever appointed or directed by the University:

- Dr. N. E. Bradbury, a former Navy officer, appointed by General Groves as Director.
- Colonel Betts, an Army officer on active duty, Associate Director for administration and services.
- Dr. Manley, Associate Director for Research. He formerly was a scientist on the project, then became Secretary of the general scientific advisory board headed by Dr. Robert Oppenheimer, and I am inclined to believe that his appointment was encouraged by Washington.
- Dr. Larsen, Director of the Sandia branch, and thereby given the title of Associate Director of the project in general. He was found by Captain Carroll Tyler, the Government's area manager, and transferred from a research division at Johns Hopkins University. Dr. Bradbury tells me that he pays very little attention to the Director, but, in effect, takes his instructions from the man who appointed him, Captain Tyler.

Part of the Sandia situation is complicated by the presence of an Army Brigadier General named Montague, who represents the Armed Forces Special Weapons Project, and as near as can be determined is responsible to the special military division run by Lt. Gen. Louis H. Brereton, of which Maj. Gen. Leslie R. Groves is deputy. There is already a serious conflict between this division at Albuquerque and Dr. Bradbury's division, and the armed forces, as indicated in a statement by Gen. Groves, intend to get the military aspects of this project from the Atomic Energy Commission within a period of one year. As a background for this demand, Dr.

1163358

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Bradbury's division is being heckled and criticised on minor matters, and there is little or no harmony within these two branches of the University activity.

Whether or not the University can withstand a request by the President of the United States or the Secretary of the Army, is a matter which you and The Regents must consider. I do not see how we can add to the Los Alamos staff any person satisfactory to us who will be competent to administer the project, and should the University accept the call, it could only be with the understanding that our responsibilities are decreased rather than increased, and that all concerned would understand that we are simply lending a name and holding things together in the best way possible.

Very truly yours,

Robert M. Underhill

RMU:W

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