

STATEMENT ON PROPOSED CHANGES IN
THE ATOMIC ENERGY ACT

After more than six years of experience under the Atomic Energy Act of 1946, the Commission believes that consideration should be given to revisions of the Act in four important areas. These four areas deal with (1) information control, (2) industrial participation in the development of reactors for the production of power, (3) authority to transfer fissionable material to foreign governments, and (4) exemption from the so-called conflict of interest statutes. In addition we are proposing amendments to the Internal Revenue Code to provide increased tax incentives for uranium production.

1. Legislation modifying the presently inflexible provisions of Section 10 of the Atomic Energy Act relating to control of atomic energy information. In this connection, we are encountering substantial difficulties in three areas:

a. The Act, as originally enacted, contained very broad restrictions on exchanges of "restricted data" with foreign governments. While these restrictions were somewhat relaxed by an amendment passed in 1951, there are limitations upon the Government's authority to make exchanges with foreign nations in many important fields. We believe that this problem should be examined with a view towards legislative authorization for exchanges of information which are deemed to be in the interest of the common defense and security.

b. In the security of information field we and the Department of Defense are continually encountering difficulties which stem from the special statutory definition of "restricted data" and the related requirements for background investigation and clearance of persons having access to "restricted data." Two changes appear desirable.

First, the Commission should have some discretion to determine the scope and extent of the personnel investigations. We think that from a security standpoint a full background investigation of a great many people who have only limited access to relatively non-sensitive information constitutes an unnecessary cost in time and money.

REPOSITORY Eisenhower Library
Ann Whitman Files
COLLECTION Administration Series
BOX No. 4
FOLDER AFC 1953-54 (5)

BEST COPY AVAILABLE

Second, we think that Department of Defense personnel should be permitted to receive "restricted data" on the basis of DOD clearances. At present DOD clearances of its personnel are sufficient for most purposes. However, AEC contractors are forbidden by law to impart "restricted data" to DOD personnel unless the DOD personnel have been investigated by the FBI or Civil Service Commission and cleared by the Commission.

These clearance problems would be taken care of by an amendment which we have already submitted to the Joint Committee on Atomic Energy after clearance by the Bureau of the Budget. We feel that enactment of this legislation is of great importance to the over-all atomic energy program.

c. Another aspect of the security problem relates to the statutory definition of "restricted data." Atomic energy information within this definition is "restricted data" by operation of law. The only discretion the Commission has is to declassify it. We understand that the "restricted data" classification of information primarily of interest to the Armed Forces, such as information on size, weight and shape of atomic weapons, weapons effects, and other information concerning the use of atomic weapons, creates many difficulties for the DOD. We believe that these difficulties could be eliminated by a change in the definition of "restricted data" to give the Commission some discretion to permit the classification of information under the sanctions of the Espionage Act rather than as "restricted data" under the Atomic Energy Act.

These amendments to the Atomic Energy Act would in our view meet the immediate information control problems which we and the Department of Defense have been encountering, but would not clear up all of the anomalies inherent in the inflexibilities of Section 10 of the Atomic Energy Act. In this connection, we feel that we should point out our belief that the inflexibilities in the Atomic Energy Act giving rise to these difficulties are founded upon the assumption that atomic energy information should be more elaborately protected than other security information of equal sensitivity. It follows that the ideal solution to the problem would be to eliminate from the Act the concept of "restricted data," which is the root of these inflexibilities, and the related information control provisions. This would mean that atomic energy information of security significance would be subject to the protection of the Espionage Act, just as is all other security information. There would be no special statutory limitations upon exchange of atomic energy



information with friendly foreign nations, and no special statutory personnel security clearance requirements for access to atomic energy information. We have not proposed an amendment of this sort to the Atomic Energy Act because elimination of the "restricted data" concept would result in some lessening of the security safeguards presently surrounding restricted data. We feel, however, that the possibility of general security legislation of uniform applicability to all agencies and all national secrets should be seriously considered in the over-all re-examination of the nation's security laws which has been initiated as a result of the President's correspondence of last July with the Chairman of the Joint Committee on Atomic Energy.

2. Amendments to the Atomic Energy Act to encourage the development of peace-time uses of atomic energy. These amendments would relax the present Government monopoly over the production and use of fissionable material to facilitate development of peace-time uses of atomic energy by private interests.

3. An amendment to the Atomic Energy Act which would permit the United States to make fissionable material available to foreign governments subject to appropriate terms and conditions. Under this amendment the AEC would be authorized to make fissionable material available to other nations, subject to appropriate terms and conditions, upon a determination that the common defense and security would not be adversely affected thereby. This would give the United States important bargaining power in negotiations for cooperation with the United States by foreign governments in the atomic energy field, particularly uranium procurement. The present provisions of the Atomic Energy Act prohibit such transfers of fissionable material.

4. Legislation clarifying the applicability of the so-called conflict of interests statutes to members of AEC advisory boards, as well as to AEC consultants and employees who receive no Government compensation. We believe that this legislation would greatly assist the Commission in obtaining technical and management personnel of the highest caliber. This amendment would give consultants and employees who receive no compensation and members of AEC boards exemption from the conflict of interest laws similar to the exemption afforded under Section 710 of the Defense Production Act, Section 402 of the Federal Civil Defense Act, and Section 704 of the Second Supplemental Appropriation Act for 1951.

5. Tax incentives for uranium production. The production of atomic weapons, as well as any program for developing peace-time



applications of atomic energy, are dependent on the availability of adequate supplies of uranium. The Commission believes that there are domestic sources of uranium, in addition to those sources which have been reached as a result of the vigorous measures, such as guaranteed minimum prices and bonus payments, which have been taken to date to encourage development of uranium sources. We believe that discovery and development of these additional sources will be accelerated if applicable Federal taxes are revised to encourage additional investment in domestic uranium exploration and production. We are, therefore, proposing the elimination of the present dollar limitations on expensing of exploration and related costs, increasing the percentage depletion rate for uranium, and the exemption from income taxes of newly discovered sources of uranium for the initial three year operating period.

