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THE WHITE HOUSE
WASHINGTON

September 29, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: BRENT SCOWCROFT
JIM CANNON
JIM LYNN

FROM: JIM CONNOR *JEC*

SUBJECT: NUCLEAR POLICY

Supplementing my memorandum of September 23 and the many discussions held since that date, the President reviewed once again the recently completed study on Nuclear Policy and reconfirmed his initial feelings in the matter, i. e. :

Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control reprocessing spread abroad. Assist in domestic commercial scale reprocessing demonstration. "

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE

WASHINGTON

September 27, 1976

MEETING ON NUCLEAR POLICY

Tuesday, September 28, 1976

10:30 a.m. (30 minutes)

The Cabinet Room

From: James E. Connor

I. PURPOSE:

To permit Bob Fri briefly to review the nuclear policy paper and to elicit comments from those agency and department heads who may have some strong views on the subject.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN:

A. Background: At your direction, Bob Fri directed a six-week study of nuclear policy. The study was recently completed and a memorandum on the subject was submitted to you on September 15th from Jim Lynn, Jim Cannon and Brent Scowcroft.

B. Participants: Attached at Tab A.

C. Press Plan: No announcement to the press. David Kennerly photo only.

III. TALKING POINTS:

Attached at Tab B.

Participants in Meeting on Nuclear Policy
September 28, 1976 (10:30 am)

Robert Fri, Deputy Administrator, ERDA

Charles W. Robinson, Deputy Secretary of State

William P. Clements, Deputy Secretary of Defense (for Secretary Rumsfeld,
who is out of the city)

Under Secretary of Commerce, Edward Vetter (for Secretary Richardson
who has speaking engagements out of the city)

Frank Zarb, Administrator, FEA

Russell Train, Administrator, Environmental Protection Agency

Robert Seamans, Administrator, ERDA

Fred Ikle, Director, Arms Control and Disarmament Agency

James Lynn, Director, Office of Management and Budget

James Cannon, Assistant to the President for Domestic Affairs

Brent Scowcroft, Assistant to the President for National Security Affairs

James Connor, Secretary to the Cabinet

B

MEETING ON NUCLEAR POLICY

September 28, 1976 (10:30 am)

TALKING POINTS

1. All of your departments and agencies have participated in the comprehensive study directed by Bob Fri regarding nuclear policy. I want to thank each of you for your participation and compliment you, particularly Bob Fri, on the quality of your effort. I have asked Bob briefly to review the study and the broad options before us. I will then open up the floor for discussion. Bob,...
2. [At close of the meeting] Thank you all for your views. You will have my decision shortly.
3. Again, let me thank you for the effort you have all put into this study and for being here today.

THE WHITE HOUSE
WASHINGTON

September 23, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

BRENT SCOWCROFT
JIM CANNON
JIM LYNN

FROM:

JIM CONNOR *JEC*

SUBJECT:

NUCLEAR POLICY

The President reviewed your memorandum of September 15 on the above subject and approved the following option:

Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, safeguards and economic Benefits can be demonstrated clearly. Strengthen efforts to control reprocessing spread abroad. Assist in domestic commercial scale reprocessing demonstration."

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE
WASHINGTON

September 16, 1976

MR PRESIDENT:

Nuclear Policy

Attached are the materials prepared by Bob Fri
on Nuclear Policy. A cover memorandum summarizing
the immediate decision which you might wish to make
has been prepared by Brent Scowcroft, Jim Cannon
and Jim Lynn.

The material has been circulated to several departments
and agencies, as well as to White House staff. All
views are identified on page 9 of the cover memorandum
and the Department's comments are summarized in
TAB A.

Jim Connor

#3



THE WHITE HOUSE

WASHINGTON

September 15, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: Brent Scowcroft 
Jim Cannon 
Jim Lynn 

SUBJECT: NUCLEAR POLICY

The Nuclear Policy Review Group that you created on July 14 has completed its assignment and submitted a report (Appendix I) which has been reviewed by agencies (their detailed comments at Appendix II) and your senior advisers.

Problems Requiring Attention

Briefly, the following major problems require attention:

- . There is a growing threat of nuclear proliferation abroad because of the spread of the capability to recover plutonium from "spent" fuel elements from nuclear power and research reactors in a step called "reprocessing." The separated plutonium is intended to be recycled as reactor fuel. However, the plutonium can also be stolen or clandestinely diverted and used quite quickly to make explosives.
- . The system of controls to prevent such uses is not adequate for dealing with the growing threat. This system includes IAEA safeguards and inspections, physical security programs, and various bilateral and multilateral agreements.
- . Concern in the public and Congress about proliferation abroad is leading toward legislation designed to force our foreign customers to agree to forego reprocessing and the accumulation of plutonium stockpiles -- as a condition for receiving nuclear fuel and equipment from U.S. suppliers.
- . U.S. leverage for insisting upon rigorous controls is declining along with our role as the dominant supplier of nuclear fuel and equipment.

- . Efforts by industry to proceed with commercial scale reprocessing in the U.S. are stalled because of uncertainties concerning economics, safeguards and regulatory requirements. Also, domestic reprocessing is strongly opposed by some who believe that energy and economic benefits are outweighed by the problems resulting from significant quantities of separated and recycled plutonium. (It should be noted that reprocessing is useful but not crucial to the pursuit of the nuclear power option, at least for the next 10 to 20 years.)
- . Uncertainties about reprocessing and long-term nuclear waste management (a Federal responsibility) are being used by opponents of expansion of nuclear power in the U.S. (Six more states will have anti-nuclear initiatives on their November ballots.)

Recommended Response

There is general agreement among heads of agencies concerned and your senior advisers on a recommendation that you issue a major statement on nuclear policy which:

- . Reaffirms U.S. intent to increase the use of nuclear power.
- . Recognizes that other countries will do the same regardless of U.S. position.
- . Reflects U.S. intent to be a reliable and competitive international supplier of nuclear fuel and equipment.
- . Reflects great concern about the spread of reprocessing abroad because of the potential for theft by terrorists or diversion by nations of separated plutonium.
- . Announces policy changes to deal with this concern, backed up by a series of specific proposals to tighten controls, offer incentives to those who cooperate in restricting reprocessing, and impose sanctions on those who violate agreements.
- . Announces Administration position on reprocessing in the U.S. and a course of action to carry out that position.
- . Commits the Administration to assure the availability of a nuclear waste disposal facility when needed about in 1985.

However, with respect to reprocessing here and abroad, there is disagreement among your advisers on:

- . Whether and when reprocessing should be used.
- . The desirability and effectiveness of U.S. attempts to get other nations to forego reprocessing.

Issues Requiring Your Attention

If you agree that a Presidential response is warranted to deal with outstanding nuclear policy problems, your decision is needed on the critical issue of U.S. policy on reprocessing here and abroad. (Discussed below.)

In addition, your decision will be needed later on specific initiatives in support of the general policy decision that you make. Those specific initiatives will be developed in greater detail and presented for your approval while the statement is being developed.

Principal Issue - Policy on Acceptability of Reprocessing Here and Abroad and the Control of Separated Plutonium

All of your advisers agree that some change of current policies (summarized in Alt. #1, below) on reprocessing and the control of separated plutonium are needed. They disagree as to the nature of the change -- largely because of different views on:

- . The relative weight given to non-proliferation and other foreign policy considerations, and on energy and economic objectives.
- . The chances of changing significantly the course of worldwide events leading to reprocessing, a step which creates the capability for proliferation.
- . The probable effectiveness of U.S. attempts to use its diminishing supplier role to deter other nations from proceeding with reprocessing.
- . The impact, here and abroad, of a change in U.S. policy which now assumes that we will proceed with reprocessing and recycle of plutonium.

Four principal positions on domestic and foreign reprocessing and alternatives are identified and described below. The principal variables among the four alternatives are:

- . The toughness of our stand against the spread of reprocessing abroad.
- . Our attitude toward reprocessing in the U.S. and the government role in bringing about reprocessing.
- . The extent of the consistency between our domestic and foreign policy on reprocessing.
- . The importance attached to the breeder reactor -- which is dependent upon reprocessing and plutonium recycle (though a decision on breeder commercialization is not scheduled by ERDA until 1986).
- . Alt. #1. Continue to resist the spread of reprocessing abroad but with no significant change in policy or significant new initiatives. Continue current policy on domestic reprocessing, which assumes reprocessing, and recycle of plutonium, encourages the development of a private reprocessing industry, and provides limited government assistance on reprocessing R&D.

Your statement announcing this position would stress concern about the spread of international reprocessing, stress the need to work cooperatively with other nations, take credit for past U.S. actions and limited efforts now underway or planned.

In effect, we would be accepting the inevitability of the spread of reprocessing and not make a major effort to halt that spread.

- o Principal arguments for this approach are that:
 - Other nations who view us as overreacting to the risk of proliferation would be reassured of our steadiness.
 - There would be little additional Federal involvement in reprocessing now.
- o Principal arguments against this approach are that:
 - It does not deal with the currently perceived threat of proliferation and would be unacceptable to the Congress and the public.
 - Differences in NRC and Executive Branch attitude would be obvious since NRC almost certainly will deny some exports that our trading partners expect under existing agreements for cooperation.
 - Uncertainties about domestic reprocessing would continue.

- . Alt. #2. Significantly strengthen efforts to limit the spread of reprocessing abroad (but accept its inevitability) and to prevent theft and diversion of separated plutonium -- hopefully in cooperation with other nations, but with unilateral moves when necessary. Continue current policy of encouraging development of a domestic reprocessing industry, with a commitment to assist with a Federal commercial scale demonstration.

Your statement announcing this policy would stress concern about the spread of international reprocessing, highlight the need for major new steps to avoid this spread and to strengthen safeguards, tighten our export restrictions, and offer incentives to customers and suppliers to cooperate. It will also include a greater Federal role in demonstrating commercial scale reprocessing in this country and justify domestic reprocessing plans on the grounds that capacity is needed to understand economics and safeguards and to provide reprocessing services for both U.S. and foreign needs.

In effect, you would be accepting this inevitability of reprocessing but would be moving vigorously to limit its spread in other countries. Many nations probably would go along with this position but (a) Brazil and Pakistan would proceed with plans for major reprocessing plants, and (b) Germany and France would continue a more liberal policy toward assisting others to build reprocessing facilities. Reactor manufacturers in the U.S. would be concerned about impact on foreign sales but they, and others, in the U.S. nuclear industry would welcome the commitment to reprocessing and the plan to resolve uncertainties.

- o Principal arguments for this approach are:
 - Recognizes that reprocessing will likely be pursued abroad in any event and that there will be strong pressures for reprocessing domestically.
 - Offers the basis for a reasonable compromise with other suppliers: Canada favors tougher stand against reprocessing; the FRG and France a somewhat more liberal one.
 - Would help resolve some uncertainties restraining the growth of nuclear energy in the U.S.
 - Consistent with current domestic policy on reprocessing.
 - Compatible with plans for developing breeder reactor (which requires plutonium as fuel).

o Principal arguments against this approach are:

- It does not go far enough to meet the expectations of some critics in Congress and those who believe that proliferation risks of reprocessing outweigh energy and economic advantages.
- Leaves some inconsistency between our negative attitude towards reprocessing by others and our own intentions to proceed.
- Further commits the Administration to reprocessing and recycle while NRC's decision on this issue is still pending.
- Calls for significant increase in government role in reprocessing and also involves government costs for a domestic reprocessing demonstrations (upwards of \$1 billion through 1985) and buy back of foreign fuel (upwards of \$200 million through 1985 and \$3 billion through 2000).
- In effect, it would commit the government to assist in starting up a \$270 million existing privately owned spent fuel separations facility at Barnwell, South Carolina, with the potential charge of "bailing out" a private venture owned by Allied Chemical, Gulf Oil, and Royal Dutch Shell.

- . Alt. #3. Significantly strengthen our efforts to control the spread of reprocessing abroad, as in Alt. #2, but also take strong stand that reprocessing should go ahead domestically and internationally only if safety, safeguards, and economic benefits can be demonstrated clearly. No longer assume that reprocessing and recycle would be acceptable, but proceed with planning and design activities necessary to bring reprocessing facilities on line when needed if a decision to proceed with reprocessing is made. Provide government assistance in a commercial scale demonstration of reprocessing to resolve uncertainties. Launch a significant program to explore and develop alternative ways of getting energy and economic benefits from spent fuel, if feasible.

Your statement would make clear that non-proliferation goals take precedence over energy and economics. The attitude would be sharply different from Alt. #2, and place burden of proof on those who want to proceed with reprocessing. It would also stress strongly your concern

about the spread of international reprocessing and announce steps to avoid this spread. The reprocessing demonstration would be justified primarily as an experiment to develop and demonstrate safeguards.

The potential of getting other nations -- customers and suppliers -- to take concerns about reprocessing more seriously would be greater than in Alt. #2. The budget impact would be about the same as Alt. #2, though the expenditures supporting the domestic reprocessing experiment might be somewhat less and the expenditures supporting research into technical alternatives to reprocessing somewhat more.

o Principal arguments for this alternative are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- It recognizes clearly the uncertainties with respect to reprocessing, including the need not to commit to reprocessing before an NRC decision on plutonium recycling.
- Reduces the inconsistency between our plans for going ahead with reprocessing and our opposition to spread of reprocessing abroad, thus strengthening our position with supplier and customer nations.
- It would be more favorably received by U.S. critics of reprocessing than would Alt. #2.
- Provides utilities assurance that either reprocessing or spent fuel storage will be available when needed.
- It could be presented to industry as the best way of proceeding and minimizing delays, recognizing current hostility to reprocessing.

o Principal arguments against this alternative are:

- As a very substantial change or reversal in Government position on reprocessing, it may add additional uncertainty about nuclear power -- which could slow nuclear power growth in the U.S.
- Potential reprocessors may withhold further investment and involvement in reprocessing plants until after the Government makes a final decision on reprocessing.

- Adds uncertainty to the viability of the breeder, but a decision on breeder commercialization will not be made until 1986.
- Highlighting of alternative technologies (which have not yet been developed) can raise false expectations that reprocessing is not necessary and thus lend credence to opponents' arguments against proceeding even with a reprocessing demonstration.
- General public may view it as a signal that the government is less sure about safety of nuclear energy.

- . Alt. #4. Strongly oppose the use of reprocessing here and abroad. Commit the government to a major program to explore and evaluate the feasibility of alternative technologies for getting energy value from spent fuel without separating the plutonium. If unsuccessful, prepare to dispose of spent fuel without regard to the energy value or possibly reactivate reprocessing at some later date.

Your statement would make clear that we view reprocessing as a serious danger, that we are forswearing reprocessing and urge others to do so as well. You could offer to share our results from developing new technologies with others and work with industry to assure that spent fuel storage is available, possibly on an international basis.

- o Principal arguments for this approach are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- Would be quite popular with a few members of Congress, the press and the public.

- o Principal arguments against the approach are:

- Would forego the use of known reprocessing technology in return for alternatives whose feasibility have not been demonstrated.
- Would be unlikely to dissuade France, FRG, United Kingdom, and possible others from proceeding with current reprocessing plans.
- U.S. private sector reprocessing interests would fold, utilities might slow down nuclear reactor orders.

- This would signal antipathy toward a plutonium economy and the breeder might have to be dropped as a long term energy option.
- Government costs for developing alternative technologies may be as great or greater than those for demonstrating reprocessing under Alt. #2 and #3.

RECOMMENDATIONS AND DECISION ON MAJOR POLICY DIRECTION ON REPROCESSING

_____ Alt. #1 - Continue current policy of resisting spread of reprocessing abroad; Continue current policy on domestic reprocessing.

_____ Alt. #2 - Significantly strengthen efforts to control reprocessing abroad; Continue assuming Commerce, Friedersdorf, and encouraging domestic reprocessing, including Marsh* the provision of Federal demonstration assistance.

gnc
_____ Alt. #3 - Take stand that reprocessing should State, DOD, go ahead domestically and abroad only if safety, ERDA, FEA, safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control Stever, Buchen, reprocessing spread abroad. Assist in domestic Scowcroft, commercial scale reprocessing demonstration. Lynn, Cannon, Greenspan

_____ Alt. #4 - Strongly oppose the use of reprocessing ACDA, CEQ, here and abroad. Mount major program to EPA** develop alternative technologies.

Tab A provides comments made by agency officials upon stating their preference among alternatives. Their full comments on the Fri Report are at Appendix II.

*Marsh prefers Alt.#2 but would settle for Alt.#3.

*In response to an earlier paper which did not contain Alternative #3, Russ Train selected the alternative identified above as Alternative #4. He is out of town and would like to read this paper before deciding whether to remain with Alternative #4 or to switch to Alternative #3.

COMMENTS OF AGENCY HEADS UPON
SELECTING THEIR PREFERRED ALTERNATIVE

Deputy Secretary of Defense Ellsworth

"We support Alternative #3 and we support it strongly."

Under Secretary of State Robinson

"The State Department supports Option 3. In contrast to Option 2, Option 3 would involve an experimental program using the AGNS facility at Barnwell, but designed to assess the viability and desirability of both reprocessing and alternative technologies. This option would not prejudge the outcome of the program in terms of either a commercial reprocessing commitment or further development of alternatives. Such a step by step approach would take full account of the many uncertainties inherent in reprocessing, and would permit maximum flexibility to capitalize on technological developments and to support the essential international dimensions of our nuclear policies. In budgetary terms, while overall expenditures for a given period could be comparable to those under Option 2, this experimental option would also permit maximum flexibility in allocating funds among the various program components and help avoid premature commitments to financing commercial-scale projects."

ERDA Administrator Seamans

"I am selecting Option 3 on the basis that a vigorous demonstration program of reprocessing, fuel fabrication, plutonium storage, and waste management will ensue. Only in this way will the program be consistent with our stated position on the liquid metal fast breeder and our plans for handling high level nuclear waste. I agree that we should go ahead with reprocessing only if safety, safeguards, and economic benefits can be demonstrated clearly by the immediate design, construction and test of all elements in the fuel cycle with Government support as appropriate. This approach will be accepted positively by the nuclear industry. However, if the option in fact contemplates years of studies and debate it will have a severely negative impact domestically and I believe internationally as well. We can rally support for our plans and policies only by establishing a positive, understandable program."

ACDA Director Ikle

"From an arms control point of view, Alternative 4 clearly is the preferred one. It would give the strongest signal at home and abroad that the U.S. will do everything it can to steer the development of nuclear energy away from technologies that cause the most serious risks of proliferation.

"However, Alternative 4 is perhaps drawn too starkly, while Alternative 3 is too close to Alternative 2:

- We need not 'foreswear' reprocessing; we only should postpone pushing reprocessing with major government subsidies. That is to say, we should cease favoring this dangerous technology over safer alternatives.

We should not move towards a budgetary outlay to support the current private reprocessing ventures, but more evenly balance the government effort between a vigorous program to push alternatives and a scaled-down (i.e., smaller than in Alternative 2) research effort to reduce the uncertainties of reprocessing (and to keep the option open should it be needed later on). Reprocessing can be postponed without a significant economic loss.

"In my view, the defect of Alternative 3 is that it still envisages government assistance in a commercial scale demonstration of reprocessing. This would be seen at home and abroad as a rather massive effort in favor of reprocessing, and hence sharply detract from the beneficial political impact of your overall policy decision. It could become the focus of criticism at home, and be distorted abroad as a U.S. effort to simply grab the reprocessing market. It would thus mar your overall program on non-proliferation."

FEA Administrator Zarb

"Option 3 represents an even-handed position which could help to defuse some of the current criticism and create a better environment to move forward. If this Option is selected, it should be made clear that it does not in any way indicate that the government is less sure of the safety of nuclear power.

"This position also places an added burden on government to move ahead promptly and properly demonstrate the technologies and make timely decisions so that private investment will be available when it is needed."

Secretary of Commerce Richardson

Recommends Option 2, with some modification. He recommends accepting reprocessing as inevitable -- because he thinks it is -- but at the same time developing, in cooperation with IAEA, a reprocessing industry which is multilateral. The Barnwell complex could be the first such plant. Secretary Richardson argues that this arrangement will provide the nuclear power industry worldwide with certainty as to the future development while maximizing assurances that the critical reprocessing phase will be under international control.

CEQ Chairman Peterson

"CEQ supports Option 4 but recommends that the effort to develop alternative nuclear fission technologies should be accompanied by a major international effort led by the United States to conserve energy and to develop solar energy as a major alternate source by early next century."

OSTP Director Guy Stever

"I favor Alternative #3 because it contains the R&D program which will keep open the options for the future in reprocessing and breeder reactor development, and at the same time recognizes realistically that we do not have the power in the world nuclear energy picture to force other nations into constraining the spread of reprocessing without setting an example ourselves."

THE WHITE HOUSE
WASHINGTON

September 15, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

Brent Scowcroft *BS*
Jim Cannon *JC*
Jim Lynn *JL*

SUBJECT:

NUCLEAR POLICY

The Nuclear Policy Review Group that you created on July 14 has completed its assignment and submitted a report (Appendix I) which has been reviewed by agencies (their detailed comments at Appendix II) and your senior advisers.

Problems Requiring Attention

Briefly, the following major problems require attention:

- . There is a growing threat of nuclear proliferation abroad because of the spread of the capability to recover plutonium from "spent" fuel elements from nuclear power and research reactors in a step called "reprocessing." The separated plutonium is intended to be recycled as reactor fuel. However, the plutonium can also be stolen or clandestinely diverted and used quite quickly to make explosives.
- . The system of controls to prevent such uses is not adequate for dealing with the growing threat. This system includes IAEA safeguards and inspections, physical security programs, and various bilateral and multilateral agreements.
- . Concern in the public and Congress about proliferation abroad is leading toward legislation designed to force our foreign customers to agree to forego reprocessing and the accumulation of plutonium stockpiles -- as a condition for receiving nuclear fuel and equipment from U.S. suppliers.
- . U.S. leverage for insisting upon rigorous controls is declining along with our role as the dominant supplier of nuclear fuel and equipment.

- . Efforts by industry to proceed with commercial scale reprocessing in the U.S. are stalled because of uncertainties concerning economics, safeguards and regulatory requirements. Also, domestic reprocessing is strongly opposed by some who believe that energy and economic benefits are outweighed by the problems resulting from significant quantities of separated and recycled plutonium. (It should be noted that reprocessing is useful but not crucial to the pursuit of the nuclear power option, at least for the next 10 to 20 years.)
- . Uncertainties about reprocessing and long-term nuclear waste management (a Federal responsibility) are being used by opponents of expansion of nuclear power in the U.S. (Six more states will have anti-nuclear initiatives on their November ballots.)

Recommended Response

There is general agreement among heads of agencies concerned and your senior advisers on a recommendation that you issue a major statement on nuclear policy which:

- . Reaffirms U.S. intent to increase the use of nuclear power.
- . Recognizes that other countries will do the same regardless of U.S. position.
- . Reflects U.S. intent to be a reliable and competitive international supplier of nuclear fuel and equipment.
- . Reflects great concern about the spread of reprocessing abroad because of the potential for theft by terrorists or diversion by nations of separated plutonium.
- . Announces policy changes to deal with this concern, backed up by a series of specific proposals to tighten controls, offer incentives to those who cooperate in restricting reprocessing, and impose sanctions on those who violate agreements.
- . Announces Administration position on reprocessing in the U.S. and a course of action to carry out that position.
- . Commits the Administration to assure the availability of a nuclear waste disposal facility when needed about in 1985.

However, with respect to reprocessing here and abroad, there is disagreement among your advisers on:

- . Whether and when reprocessing should be used.
- . The desirability and effectiveness of U.S. attempts to get other nations to forego reprocessing.

Issues Requiring Your Attention

If you agree that a Presidential response is warranted to deal with outstanding nuclear policy problems, your decision is needed on the critical issue of U.S. policy on reprocessing here and abroad. (Discussed below.)

In addition, your decision will be needed later on specific initiatives in support of the general policy decision that you make. Those specific initiatives will be developed in greater detail and presented for your approval while the statement is being developed.

Principal Issue - Policy on Acceptability of Reprocessing Here and Abroad and the Control of Separated Plutonium

All of your advisers agree that some change of current policies (summarized in Alt. #1, below) on reprocessing and the control of separated plutonium are needed. They disagree as to the nature of the change -- largely because of different views on:

- . The relative weight given to non-proliferation and other foreign policy considerations, and on energy and economic objectives.
- . The chances of changing significantly the course of worldwide events leading to reprocessing, a step which creates the capability for proliferation.
- . The probable effectiveness of U.S. attempts to use its diminishing supplier role to deter other nations from proceeding with reprocessing.
- . The impact, here and abroad, of a change in U.S. policy which now assumes that we will proceed with reprocessing and recycle of plutonium.

Four principal positions on domestic and foreign reprocessing and alternatives are identified and described below. The principal variables among the four alternatives are:

- . The toughness of our stand against the spread of reprocessing abroad.
- . Our attitude toward reprocessing in the U.S. and the government role in bringing about reprocessing.
- . The extent of the consistency between our domestic and foreign policy on reprocessing.
- . The importance attached to the breeder reactor -- which is dependent upon reprocessing and plutonium recycle (though a decision on breeder commercialization is not scheduled by ERDA until 1986).
- . Alt. #1. Continue to resist the spread of reprocessing abroad but with no significant change in policy or significant new initiatives. Continue current policy on domestic reprocessing, which assumes reprocessing, and recycle of plutonium, encourages the development of a private reprocessing industry, and provides limited government assistance on reprocessing R&D.

Your statement announcing this position would stress concern about the spread of international reprocessing, stress the need to work cooperatively with other nations, take credit for past U.S. actions and limited efforts now underway or planned.

In effect, we would be accepting the inevitability of the spread of reprocessing and not make a major effort to halt that spread.

o Principal arguments for this approach are that:

- Other nations who view us as overreacting to the risk of proliferation would be reassured of our steadiness.
- There would be little additional Federal involvement in reprocessing now.

o Principal arguments against this approach are that:

- It does not deal with the currently perceived threat of proliferation and would be unacceptable to the Congress and the public.
- Differences in NRC and Executive Branch attitude would be obvious since NRC almost certainly will deny some exports that our trading partners expect under existing agreements for cooperation.
- Uncertainties about domestic reprocessing would continue.

- . Alt. #2. Significantly strengthen efforts to limit the spread of reprocessing abroad (but accept its inevitability) and to prevent theft and diversion of separated plutonium -- hopefully in cooperation with other nations, but with unilateral moves when necessary. Continue current policy of encouraging development of a domestic reprocessing industry, with a commitment to assist with a Federal commercial scale demonstration.

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In effect, you would be accepting this inevitability of reprocessing but would be moving vigorously to limit its spread in other countries. Many nations probably would go along with this position but (a) Brazil and Pakistan would proceed with plans for major reprocessing plants, and (b) Germany and France would continue a more liberal policy toward assisting others to build reprocessing facilities. Reactor manufacturers in the U.S. would be concerned about impact on foreign sales but they, and others, in the U.S. nuclear industry would welcome the commitment to reprocessing and the plan to resolve uncertainties.

o Principal arguments for this approach are:

- Recognizes that reprocessing will likely be pursued abroad in any event and that there will be strong pressures for reprocessing domestically.
- Offers the basis for a reasonable compromise with other suppliers: Canada favors tougher stand against reprocessing; the FRG and France a somewhat more liberal one.
- Would help resolve some uncertainties restraining the growth of nuclear energy in the U.S.
- Consistent with current domestic policy on reprocessing.
- Compatible with plans for developing breeder reactor (which requires plutonium as fuel).

o Principal arguments against this approach are:

- It does not go far enough to meet the expectations of some critics in Congress and those who believe that proliferation risks of reprocessing outweigh energy and economic advantages.
- Leaves some inconsistency between our negative attitude towards reprocessing by others and our own intentions to proceed.
- Further commits the Administration to reprocessing and recycle while NRC's decision on this issue is still pending.
- Calls for significant increase in government role in reprocessing and also involves government costs for a domestic reprocessing demonstrations (upwards of \$1 billion through 1985) and buy back of foreign fuel (upwards of \$200 million through 1985 and \$3 billion through 2000).
- In effect, it would commit the government to assist in starting up a \$270 million existing privately owned spent fuel separations facility at Barnwell, South Carolina, with the potential charge of "bailing out" a private venture owned by Allied Chemical, Gulf Oil, and Royal Dutch Shell.

- . Alt. #3. Significantly strengthen our efforts to control the spread of reprocessing abroad, as in Alt. #2, but also take strong stand that reprocessing should go ahead domestically and internationally only if safety, safeguards, and economic benefits can be demonstrated clearly. No longer assume that reprocessing and recycle would be acceptable, but proceed with planning and design activities necessary to bring reprocessing facilities on line when needed if a decision to proceed with reprocessing is made. Provide government assistance in a commercial scale demonstration of reprocessing to resolve uncertainties. Launch a significant program to explore and develop alternative ways of getting energy and economic benefits from spent fuel, if feasible.

Your statement would make clear that non-proliferation goals take precedence over energy and economics. The attitude would be sharply different from Alt. #2, and place burden of proof on those who want to proceed with reprocessing. It would also stress strongly your concern

about the spread of international reprocessing and announce steps to avoid this spread. The reprocessing demonstration would be justified primarily as an experiment to develop and demonstrate safeguards.

The potential of getting other nations -- customers and suppliers -- to take concerns about reprocessing more seriously would be greater than in Alt. #2. The budget impact would be about the same as Alt. #2, though the expenditures supporting the domestic reprocessing experiment might be somewhat less and the expenditures supporting research into technical alternatives to reprocessing somewhat more.

o Principal arguments for this alternative are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- It recognizes clearly the uncertainties with respect to reprocessing, including the need not to commit to reprocessing before an NRC decision on plutonium recycling.
- Reduces the inconsistency between our plans for going ahead with reprocessing and our opposition to spread of reprocessing abroad, thus strengthening our position with supplier and customer nations.
- It would be more favorably received by U.S. critics of reprocessing than would Alt. #2.
- Provides utilities assurance that either reprocessing or spent fuel storage will be available when needed.
- It could be presented to industry as the best way of proceeding and minimizing delays, recognizing current hostility to reprocessing.

o Principal arguments against this alternative are:

- As a very substantial change or reversal in Government position on reprocessing, it may add additional uncertainty about nuclear power -- which could slow nuclear power growth in the U.S.
- Potential reprocessors may withhold further investment and involvement in reprocessing plants until after the Government makes a final decision on reprocessing.

- Adds uncertainty to the viability of the breeder, but a decision on breeder commercialization will not be made until 1986.
- Highlighting of alternative technologies (which have not yet been developed) can raise false expectations that reprocessing is not necessary and thus lend credence to opponents' arguments against proceeding even with a reprocessing demonstration.
- General public may view it as a signal that the government is less sure about safety of nuclear energy.

- . Alt. #4. Strongly oppose the use of reprocessing here and abroad. Commit the government to a major program to explore and evaluate the feasibility of alternative technologies for getting energy value from spent fuel without separating the plutonium. If unsuccessful, prepare to dispose of spent fuel without regard to the energy value or possibly reactivate reprocessing at some later date.

Your statement would make clear that we view reprocessing as a serious danger, that we are forswearing reprocessing and urge others to do so as well. You could offer to share our results from developing new technologies with others and work with industry to assure that spent fuel storage is available, possibly on an international basis.

o Principal arguments for this approach are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- Would be quite popular with a few members of Congress, the press and the public.

o Principal arguments against the approach are:

- Would forego the use of known reprocessing technology in return for alternatives whose feasibility have not been demonstrated.
- Would be unlikely to dissuade France, FRG, United Kingdom, and possible others from proceeding with current reprocessing plans.
- U.S. private sector reprocessing interests would fold, utilities might slow down nuclear reactor orders.

- This would signal antipathy toward a plutonium economy and the breeder might have to be dropped as a long term energy option.
- Government costs for developing alternative technologies may be as great or greater than those for demonstrating reprocessing under Alt. #2 and #3.

RECOMMENDATIONS AND DECISION ON MAJOR POLICY DIRECTION ON REPROCESSING

Alt. #1 - Continue current policy of resisting spread of reprocessing abroad; Continue current policy on domestic reprocessing.

Alt. #2 - Significantly strengthen efforts to control reprocessing abroad; Continue assuming Commerce, Friedersdorf, and encouraging domestic reprocessing, including Marsh* the provision of Federal demonstration assistance.

Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, State, DOD, ERDA, FEA, safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control Scowcroft, reprocessing spread abroad. Assist in domestic Lynn, Cannon, commercial scale reprocessing demonstration. Greenspan

Alt. #4 - Strongly oppose the use of reprocessing here and abroad. Mount major program to ACDA, CEQ, EPA** develop alternative technologies.

Tab A provides comments made by agency officials upon stating their preference among alternatives. Their full comments on the Fri Report are at Appendix II.

*Marsh prefers Alt. #2 but would settle for Alt. #3.

**In response to an earlier paper which did not contain Alternative #3, Russ Train selected the alternative identified above as Alternative #4. He is out of town and would like to read this paper before deciding whether to remain with Alternative #4 or to switch to Alternative #3.

COMMENTS OF AGENCY HEADS UPON
SELECTING THEIR PREFERRED ALTERNATIVE

Deputy Secretary of Defense Ellsworth

"We support Alternative #3 and we support it strongly."

Under Secretary of State Robinson

"The State Department supports Option 3. In contrast to Option 2, Option 3 would involve an experimental program using the AGNS facility at Barnwell, but designed to assess the viability and desirability of both reprocessing and alternative technologies. This option would not prejudge the outcome of the program in terms of either a commercial reprocessing commitment or further development of alternatives. Such a step by step approach would take full account of the many uncertainties inherent in reprocessing, and would permit maximum flexibility to capitalize on technological developments and to support the essential international dimensions of our nuclear policies. In budgetary terms, while overall expenditures for a given period could be comparable to those under Option 2, this experimental option would also permit maximum flexibility in allocating funds among the various program components and help avoid premature commitments to financing commercial-scale projects."

ERDA Administrator Seamans

"I am selecting Option 3 on the basis that a vigorous demonstration program of reprocessing, fuel fabrication, plutonium storage, and waste management will ensue. Only in this way will the program be consistent with our stated position on the liquid metal fast breeder and our plans for handling high level nuclear waste. I agree that we should go ahead with reprocessing only if safety, safeguards, and economic benefits can be demonstrated clearly by the immediate design, construction and test of all elements in the fuel cycle with Government support as appropriate. This approach will be accepted positively by the nuclear industry. However, if the option in fact contemplates years of studies and debate it will have a severely negative impact domestically and I believe internationally as well. We can rally support for our plans and policies only by establishing a positive, understandable program."

ACDA Director Ikle

"From an arms control point of view, Alternative 4 clearly is the preferred one. It would give the strongest signal at home and abroad that the U.S. will do everything it can to steer the development of nuclear energy away from technologies that cause the most serious risks of proliferation.

"However, Alternative 4 is perhaps drawn too starkly, while Alternative 3 is too close to Alternative 2:

- We need not 'foreswear' reprocessing; we only should postpone pushing reprocessing with major government subsidies. That is to say, we should cease favoring this dangerous technology over safer alternatives.

We should not move towards a budgetary outlay to support the current private reprocessing ventures, but more evenly balance the government effort between a vigorous program to push alternatives and a scaled-down (i.e., smaller than in Alternative 2) research effort to reduce the uncertainties of reprocessing (and to keep the option open should it be needed later on). Reprocessing can be postponed without a significant economic loss.

"In my view, the defect of Alternative 3 is that it still envisages government assistance in a commercial scale demonstration of reprocessing. This would be seen at home and abroad as a rather massive effort in favor of reprocessing, and hence sharply detract from the beneficial political impact of your overall policy decision. It could become the focus of criticism at home, and be distorted abroad as a U.S. effort to simply grab the reprocessing market. It would thus mar your overall program on non-proliferation."

FEA Administrator Zarb

"Option 3 represents an even-handed position which could help to defuse some of the current criticism and create a better environment to move forward. If this Option is selected, it should be made clear that it does not in any way indicate that the government is less sure of the safety of nuclear power.

"This position also places an added burden on government to move ahead promptly and properly demonstrate the technologies and make timely decisions so that private investment will be available when it is needed."

Secretary of Commerce Richardson

Recommends Option 2, with some modification. He recommends accepting reprocessing as inevitable -- because he thinks it is -- but at the same time developing, in cooperation with IAEA, a reprocessing industry which is multilateral. The Barnwell complex could be the first such plant. Secretary Richardson argues that this arrangement will provide the nuclear power industry worldwide with certainty as to the future development while maximizing assurances that the critical reprocessing phase will be under international control.

CEQ Chairman Peterson

"CEQ supports Option 4 but recommends that the effort to develop alternative nuclear fission technologies should be accompanied by a major international effort led by the United States to conserve energy and to develop solar energy as a major alternate source by early next century."

OSTP Director Guy Stever

"I favor Alternative #3 because it contains the R&D program which will keep open the options for the future in reprocessing and breeder reactor development, and at the same time recognizes realistically that we do not have the power in the world nuclear energy picture to force other nations into constraining the spread of reprocessing without setting an example ourselves."

THE WHITE HOUSE
WASHINGTON

September 16, 1976

MR PRESIDENT:

Nuclear Policy

We have received the following additional recommendations on the above subject:

Doug Smith (Bob Hartmann was not available) --
"Strongly endorses Option #2 and comments
-- "Strong Leadership in this area would be
helpful."

Bill Seidman -- Recommends Option #4.

Jim Connor

September 16, 1976

MR PRESIDENT:

Nuclear Policy

Attached are the materials prepared by Bob Fri on Nuclear Policy. A cover memorandum summarizing the immediate decision which you might wish to make has been prepared by Brent Scowcroft, Jim Cannon and Jim Lynn.

The material has been circulated to several departments and agencies, as well as to White House staff. All views are identified on page 9 of the cover memorandum and the Department's comments are summarized in TAB A.

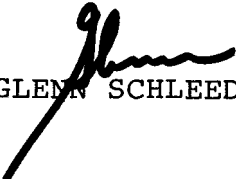
Jim Connor

THE WHITE HOUSE

WASHINGTON

September 15, 1976

NOTE FOR: JIM CONNOR

FROM:  GLENN SCHLEEDE

SUBJECT: NUCLEAR POLICY

Here is the decision paper. We still do not have votes from:

- . ~~Crosby~~
- . Seidman
- . ~~Marc~~
- . ~~Friedersdorf~~
- . Hartmann

Also, NRC is not voting (I have briefed Marc and he'd like to come to a meeting if we have one.) Nor is Interior -- Kleppe says issue is beyond competence of his Department which is correct and realistic. Train doesn't want to change his vote until he sees the actual paper. He'll be back Friday or Saturday.

I drop off a notebook early tomorrow which contains the Fri Paper and Agency comments.

9/14/76

MEMORANDUM FOR:

FROM:

SUBJECT: NUCLEAR POLICY

The Nuclear Policy Review Group that you created on July 14 has completed its assignment and submitted a report (Appendix I) which has been reviewed by agencies (their detailed comments at Appendix II) and your senior advisers.

Problems Requiring Attention

Briefly, the following major problems require attention:

- . There is a growing threat of nuclear proliferation abroad because of the spread of the capability to recover plutonium from "spent" fuel elements from nuclear power and research reactors in a step called "reprocessing." The separated plutonium is intended to be recycled as reactor fuel. However, the plutonium can also be stolen or clandestinely diverted and used quite quickly to make explosives.
- . The system of controls to prevent such uses is not adequate for dealing with the growing threat. This system includes IAEA safeguards and inspections, physical security programs, and various bilateral and multilateral agreements.
- . Concern in the public and Congress about proliferation abroad is leading toward legislation designed to force our foreign customers to agree to forego reprocessing and the accumulation of plutonium stockpiles -- as a condition for receiving nuclear fuel and equipment from U.S. suppliers.
- . U.S. leverage for insisting upon rigorous controls is declining along with our role as the dominant supplier of nuclear fuel and equipment.

- . Efforts by industry to proceed with commercial scale reprocessing in the U.S. are stalled because of uncertainties concerning economics, safeguards and regulatory requirements. Also, domestic reprocessing is strongly opposed by some who believe that energy and economic benefits are outweighed by the problems resulting from significant quantities of separated and recycled plutonium. (It should be noted that reprocessing is useful but not crucial to the pursuit of the nuclear power option, at least for the next 10 to 20 years.)
- . Uncertainties about reprocessing and long-term nuclear waste management (a Federal responsibility) are being used by opponents of expansion of nuclear power in the U.S. (Six more states will have anti-nuclear initiatives on their November ballots.)

Recommended Response

There is general agreement among heads of agencies concerned and your senior advisers on a recommendation that you issue a major statement on nuclear policy which:

- . Reaffirms U.S. intent to increase the use of nuclear power.
- . Recognizes that other countries will do the same regardless of U.S. position.
- . Reflects U.S. intent to be a reliable and competitive international supplier of nuclear fuel and equipment.
- . Reflects great concern about the spread of reprocessing abroad because of the potential for theft by terrorists or diversion by nations of separated plutonium.
- . Announces policy changes to deal with this concern, backed up by a series of specific proposals to tighten controls, offer incentives to those who cooperate in restricting reprocessing, and impose sanctions on those who violate agreements.
- . Announces Administration position on reprocessing in the U.S. and a course of action to carry out that position.
- . Commits the Administration to assure the availability of a nuclear waste disposal facility when needed about in 1985.

However, with respect to reprocessing here and abroad, there is disagreement among your advisers on:

- . Whether and when reprocessing should be used.
- . The desirability and effectiveness of U.S. attempts to get other nations to forego reprocessing.

Issues Requiring Your Attention

If you agree that a Presidential response is warranted to deal with outstanding nuclear policy problems, your decision is needed on the critical issue of U.S. policy on reprocessing here and abroad. (Discussed below.)

In addition, your decision will be needed later on specific initiatives in support of the general policy decision that you make. Those specific initiatives will be developed in greater detail and presented for your approval while the statement is being developed.

Principal Issue - Policy on Acceptability of Reprocessing Here and Abroad and the Control of Separated Plutonium

All of your advisers agree that some change of current policies (summarized in Alt. #1, below) on reprocessing and the control of separated plutonium are needed. They disagree as to the nature of the change -- largely because of different views on:

- . The relative weight given to non-proliferation, and other foreign policy considerations, on energy and economic objectives.
- . The chances of changing significantly the course of events worldwide moving ahead with reprocessing which creates the capability for proliferation.
- . The probable effectiveness of U.S. attempts to use its diminishing supplier role to deter other nations from proceeding with reprocessing.
- . The impact, here and abroad, of a change in U.S. policy which now assumes that we will proceed with reprocessing and recycle of plutonium.

Four principal positions on domestic and foreign reprocessing and alternatives are identified and described below. The principal variables among the four alternatives are:

- . The toughness of our stand against the spread of reprocessing abroad.
- . Our attitude toward reprocessing in the U.S. and the government role in bringing about reprocessing.
- . The extent of the consistency between our domestic and foreign policy on reprocessing.
- . The importance attached to the breeder reactor -- which is dependent upon reprocessing and plutonium recycle (though a decision on breeder commercialization is not scheduled by ERDA until 1986).
- . Alt. #1. Continue to resist the spread of reprocessing abroad but with no significant change in policy or significant new initiatives. Continue current policy on domestic reprocessing, which assumes reprocessing, and recycle of plutonium, encourages the development of a private reprocessing industry, and provides limited government assistance on reprocessing R&D.

Your statement announcing this position would stress concern about the spread of international reprocessing, stress the need to work cooperatively with other nations, take credit for past U.S. actions and limited efforts now underway or planned.

In effect, we would be accepting the inevitability of the spread of reprocessing and not make a major effort to halt that spread.

o Principal arguments for this approach are that:

- Other nations who view us as overreacting to the risk of proliferation would be reassured of our steadiness.
- There would be little additional Federal involvement in reprocessing now.

o Principal arguments against this approach are that:

- It does not deal with the currently perceived threat of proliferation and would be unacceptable to Congress and the public.
- Differences in NRC and Executive Branch attitude would be obvious since NRC almost certainly will deny some exports that our trading partners expect under existing agreements for cooperation.
- Uncertainties about domestic reprocessing would continue.

- . Alt. #2. Significantly strengthen efforts to limit the spread of reprocessing abroad (but accept its inevitability) and to prevent theft and diversion of separated plutonium -- hopefully in cooperation with other nations, but with unilateral moves when necessary. Continue current policy of encouraging development of a domestic reprocessing industry, with a commitment to assist with a Federal commercial scale demonstration.

Your statement announcing this policy would stress concern about the spread of international reprocessing, highlight the need for major new steps to avoid this spread and to strengthen safeguards, tighten our export restrictions, and offer incentives to customers and suppliers to cooperate. It will also include a greater Federal role in demonstrating commercial scale reprocessing in this country and justify domestic reprocessing plans on the grounds that capacity is needed to understand economics and safeguards and to provide reprocessing services for both U.S. and foreign needs.

In effect, you would be accepting this inevitability of reprocessing but would be moving vigorously to limit its spread in other countries. Many nations probably would go along with this position but (a) Brazil and Pakistan would proceed with plans for major reprocessing plants, and (b) Germany and France would continue a more liberal policy toward assisting others to build reprocessing facilities. Reactor manufacturers in the U.S. would be concerned about impact on foreign sales but they, and others, in the U.S. nuclear industry would welcome the commitment to reprocessing and the plan to resolve uncertainties.

- o Principal arguments for this approach are:
 - Offers the basis for a reasonable compromise with other suppliers: Canada favors tougher stand against reprocessing; the FRG and France a somewhat more liberal one.
 - Would help resolve some uncertainties restraining the growth of nuclear energy in the U.S.
 - Consistent with current domestic policy on reprocessing.
 - Compatible with plans for developing breeder reactor (which requires plutonium as fuel).

- o Principal arguments against this approach are:
 - It does not go far enough to meet the expectations of some critics in Congress and those who believe that proliferation risks of reprocessing outweigh energy and economic advantages.
 - Leaves some inconsistency between our negative attitude towards reprocessing by others and our own intentions to proceed.
 - Further commits the Administration to reprocessing and recycle while NRC's decision on this issue is still pending.
 - Calls for significant increase in government role in reprocessing and also involves government costs for a domestic reprocessing demonstrations (upwards of \$1 billion through 1985) and buy back of foreign fuel (upwards of \$200 million through 1985 and \$3 billion through 2000).
 - In effect, it would commit the government to assist in starting up a \$270 million existing privately owned spent fuel separations facility at Barnwell, South Carolina, with the potential charge of "bailing out" a private venture owned by Allied Chemical, Gulf Oil, and Royal Dutch Shell.
- . Alt. #3. Significantly strengthen our efforts to control the spread of reprocessing abroad, as in Alt. #2, but also take strong stand that reprocessing should go ahead domestically and internationally only if safety, safeguards, and economic benefits can be demonstrated clearly. No longer assume that reprocessing and recycle would be acceptable, but proceed with planning and design activities necessary to bring reprocessing facilities on line when needed if a decision to proceed with reprocessing is made. Provide government assistance in a commercial scale demonstration of reprocessing to resolve uncertainties. Launch a significant program to explore and develop alternative ways of getting energy and economic benefits from spent fuel, if feasible.

Your statement would make clear that non-proliferation goals take precedence over energy and economics. The attitude would be sharply different from Alt. #2. and place burden of proof on those who want to proceed with reprocessing. It would also stress strongly your concern

about the spread of international reprocessing and announce steps to avoid this spread. The reprocessing demonstration would be justified primarily as an experiment to develop and demonstrate safeguards.

The potential of getting other nations -- customers and suppliers -- to take concerns about reprocessing more seriously would be greater than in Alt. #2. The budget impact would be about the same as Alt. #2.

o Principal arguments for this alternative are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- It recognizes clearly the uncertainties with respect to reprocessing, including the need not to commit to reprocessing before an NRC decision on plutonium recycling.
- Reduces the inconsistency between our plans for going ahead with reprocessing and our opposition to spread of reprocessing abroad, thus strengthening our position with supplier and customer nations.
- It would be more favorably received by U.S. critics of reprocessing than would Alt. #2.
- Provides utilities assurance that either reprocessing or spent fuel storage will be available when needed.

o Principal arguments against this alternative are:

- Industry (other than utilities) may regard it as a reversal of position on reprocessing thus adding to current nuclear industry uncertainties (but they may accept it as inevitable in the current atmosphere of concern over reprocessing and consider the demonstration and planning activities to be a good way of preventing further delays if and when reprocessing is approved).
- Industry will withhold further investment in reprocessing.
- Adds uncertainty to the viability of the breeder, but a decision on breeder commercialization will not be made until 1986.

- General public may view it as a signal that the government is less sure about safety of nuclear energy.
- . Alt. #4. Strongly oppose the use of reprocessing here and abroad. Commit the government to a major program to explore and evaluate the feasibility of alternative technologies for getting energy value from spent fuel without separating the plutonium. If unsuccessful, prepare to dispose of spent fuel without regard to the energy value or possibly reactivate reprocessing at some later date.

Your statement would make clear that we view reprocessing as a serious danger, that we are foreswearing reprocessing and urge others to do so as well. You could offer to share our results from developing new technologies with others and work with industry to assure that spent fuel storage is available, possibly on an international basis.

- o Principal arguments for this approach are:
 - Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
 - Would be quite popular with a few members of Congress, the press and the public.
- o Principal arguments against the approach are:
 - Would forego the use of known reprocessing technology in return for alternatives whose feasibility have not been demonstrated.
 - Would be unlikely to dissuade France, FRG, United Kingdom, and possible others from proceeding with current reprocessing plans.
 - U.S. private sector reprocessing interests would fold, utilities might slow down nuclear reactor orders.
 - This would signal antipathy toward a plutonium economy and the breeder might have to be dropped as a long term energy option.

- Government costs for developing alternative technologies may be as great or greater than those for demonstrating reprocessing under Alt. #2 and #3.

RECOMMENDATIONS AND DECISION ON MAJOR POLICY DIRECTION ON
REPROCESSING

- _____ Alt. #1 - Continue current policy of resisting spread of reprocessing abroad; Continue current policy on domestic reprocessing.
- _____ Alt. #2 - Significantly strengthen efforts to control reprocessing abroad; Continue assuming and encouraging domestic reprocessing, including the provision of Federal demonstration assistance.
- _____ Alt. #3 - Take stand that reprocessing should to ahead domestically and abroad only if safety, safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control reprocessing spread abroad. Assist in domestic commercial scale reprocessing demonstration.
- _____ Alt. #4 - Strongly oppose the use of reprocessing here and abroad. Mount major program to develop alternative technologies.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 14, 1976

Time:

FOR ACTION:

✓ Phil Buchen
✓ Jack Marsh
✓ Max Friedersdorf

cc (for information):

Bob Hartmann
✓ Alan Greenspan
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, September 15

Time:

3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the
President from Messrs. Scowcroft, Lynn and
Cannon regarding Nuclear Policy

ACTION REQUESTED:

_____ For Necessary Action

☒ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

☒ For Your Comments

_____ Draft Remarks

REMARKS:

*Buchen - alt #3.
Greenspan - alt #3
Friedersdorf - alt #2
Marsh - alt #2 but settle for alt #3.*

*Seidman - with President ^{monate} ~~not~~ until
Morning x alt option #4
1:30 PM*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 14, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Bob Hartmann

Jack Marsh

Alan Greenspan

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 15

Time: 3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the
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Cannon regarding Nuclear Policy

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

*Att. 4
Called In
RBP*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jim Connor
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

9/14/76
7:15 p.m.
J.

Date: September 14, 1976

Time:

FOR ACTION:

Phil Buchen

Jack Marsh

Max Friedersdorf

cc (for information):

Bob Hartmann

Alan Greenspan

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 15

Time: 3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the President from Messrs. Scowcroft, Lynn and Cannon regarding Nuclear Policy

ACTION REQUESTED:

☐ For Necessary Action

☒ For Your Recommendations

☐ Prepare Agenda and Brief

☐ Draft Reply

☒ For Your Comments

☐ Draft Remarks

REMARKS:

Strong leadership in this area would be helpful.

Strongly endorse #2

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 14, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Bob Hartmann

Jack Marsh

Alan Greenspan

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 15

Time: 3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the
President from Messrs. Scowcroft, Lynn and
Cannon regarding Nuclear Policy

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

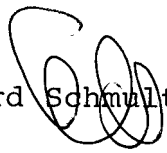
___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

Recommend Alt. #3.

Edward  Schmults

9/15/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jim Connor
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 14, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Bob Hartmann

Jack Marsh

Alan Greenspan

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 15

Time: 3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the
President from Messrs. Scowcroft, Lynn and
Cannon regarding Nuclear Policy

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

Recommend # 2 alternative

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jim Connor
For the President

ACTION MEMORANDUM

THE WHITE HOUSE

WASHINGTON

LOG NO.:

SEP 18 1976

Date: September 14, 1976

Time:

due: 9/15

FOR ACTION:

Phil Buchen

Jack Marsh

Max Friedersdorf

cc (for information):

Bob Hartmann

Alan Greenspan

Bill Seidman

3:00

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 15 Time: 3 P.M.

SUBJECT:

Proposed Presidential Memorandum to the
President from Messrs. Scowcroft, Lynn and
Cannon regarding Nuclear Policy

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

Prefer
but settle
for alt #2
alt #3

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jim Connor