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MALLINCKRODT CHEMICAL WORKS
APPLICATION FOR CERTIFICATE OF NECESSITY TA-31369

SYMBOL: CA:EMB

We believe that AEC should express a positive interest in the subject application and recommend to ODM that a certificate of necessity be granted. We do so in the belief that the facility described can be considered as a defense supporting facility-in the sense in which this term has been used in the administration of the tax amortization program-and therefore merits our assistance.

The Defense Production Act of 1950, and succeeding amendments, initiated this program of incentives for defense-supporting industrial expansion. The aim of this program, as intended by Congress and confirmed by the administration of the Act, is to provide for a broad mobilization base by strengthening the Nation's capacity to provide basic goods and services. This meant that certificates of necessity have been and are being granted for facilities that have only a slight or indirect connection with defense production, but which do contribute to the basic industrial capacity of this Country. Included in this group are all types of metals, chemicals, electric power, railroad equipment, machinery, etc. The facility described in the subject application clearly belongs in this category, and as such appears entitled to the benefits intended for it. We are aware that under AEC 386/2, dated July 18, 1955 and the General Manager's memorandum of June 1, 1951 entitled "Certificates of Necessity," AEC's policy has generally been not to support applications made by licensees. This policy of non-support, however, seems to place a handicap on firms who must seek AEC assistance for certificates of necessity, as against other companies who have been able to get assistance from other departments and agencies under less stringent criteria. If ODM, which has primary responsibility for this program, is to administer it so as not to discriminate for or against any industry, AEC, as one of the sponsoring agencies, should see to it that its criterias of essentiality are close to the common standard.

Your memorandum states that ".....AEC has encouraged the entry of industry into atomic energy development. However, AEC contemplates that such participation by industry shall rely principally on the use of private funds unless the particular project or program requires or justifies financial participation by AEC." This seems to imply that applications for certificates of necessity be judged solely on the basis of our standards for assistance to industrial firms engaged in the Atomic energy business. We believe, that while certificates of necessity may be used as a special form of assistance in our Civilian Atomic Energy Program, they are primarily a form of assistance under the Defense Production Act of 1950 and firms applying for such assistance are entitled to support if they meet the standards of either program.

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