

portion of this traffic could be shifted to other modes. Estimates of excess capacity available from other modes place the maximum divertible amount of traffic at 10 percent of the normal rail volume and that only after extensive adjustment in traffic patterns have been achieved over a number of weeks. Even this low figure does not account for the specialized handling requirements of much of the traffic normally carried by rail.

The importance of rail transportation as a supplier and as part of the production process leads to a spreading or cumulative effect which is much greater than the immediate impact on particular industries which rely heavily on rail service.

Using the example of coal, three-fourths of which is moved by rail, interconnection with other industries and the spreading effect can be demonstrated. Coal is used partly for final personal consumption and for export, but it is also used by producers of energy and other commodities such as iron and steel and stone and clay products, which are in turn utilized in the production of other goods like automobiles and other manufactured products.

This spreading effect produces a real and serious result upon overall gross national product which is many times the value of rail service.

In 1963, the Council of Economic Advisers estimated that a rail strike of one month's duration would produce a decline in gross national product of over 13 percent, nearly four times the quarter-to-quarter drop in gross national product during our greatest postwar recession in 1957-58.

This cumulative effect can also be expressed by looking at the industries affected. Immediately affected would be coal mining (and export), several chemical industries, movement of animals for slaughter, and refrigerator car traffic, plus intercity passenger and commutation service.

Within a week, the automobile industry and construction would begin to be seriously affected. As the stoppage continued, the effect would be spread into periodicals, boiler products, motors, generators, and nearly all areas of economic activity, either directly or indirectly.

At the end of one month, over 6½ million persons would be unemployed due to the stoppage of rail service.

Aside from the impact on the private economy, the Government relies heavily on rail service. Past experience indicates that the Post Office Department would be forced to refuse all second, third, and fourth class mail, including parcel post, moving more than 150 miles from origin.

Nearly 40 percent of the ton-miles of Defense Department freight moves by rail. Thirty percent of this traffic is of a nature which precludes diversion even if capacity were available. During a time in which the free flow of defense commodities to support the effort in Vietnam is required, an interruption of rail service could seriously diminish our military capacity.

Fortunately, there is little past experience which can guide us as to the actual effect a nationwide stoppage would have. The only case in which a stoppage of the magnitude concerning us now actually occurred during the postwar period was the 48-hour nationwide strike May 23-25, 1946.