

"It is obvious that a jet aircraft cannot operate without an engine but it is equally true that the jet engine cannot function without a combustion liner and the combustion liner manufacturer cannot produce without the necessary alloy made by his supplier. All these firms in turn are dependent on our basic industries such as steel and power to supply their needs.

"And we must not forget that our basic industries such as steel and power are in turn heavily dependent on rail transportation to obtain the raw materials and fuel with which to operate. In a great many cases this means coal—and 75 percent of the Nation's coal is moved by rail. Without continuous replenishment of this fuel supply, many basic power and production facilities would have to cease operations—and their cessation would be felt throughout our entire economy, including that portion devoted to satisfying defense needs.

"It is the movement of all these items, not just the movement of arms and defense equipment, which is essential to our national defense. The rail carriers play an absolutely essential role in this movement.

"The impact of defense requirements is felt in almost every corner of this country's industrial base. There are over 22,000 Department of Defense prime contractors with thousands upon thousands of sub-contractors and vendors at various tiers. Most of these firms are also engaged in commercial production and it is the concurrent operation of their plants for both defense production and commercial production which makes their operation economically viable.

"All of these factors had to be kept in mind when we considered the unions' proposal to attempt to work out an arrangement whereby shipments essential to our military effort and to the public health would continue to be moved by rail in the event of a strike.

"On May 16, representatives of the railroad unions met with Secretary Boyd, Deputy Secretary Vance, Under Secretary Reynolds, and representatives of the Departments of Agriculture and Health, Education, and Welfare. As a result of that meeting and a detailed study of the unions' proposal, we have concluded that the proposal for partial operation of the railroads will not meet our defense requirements.

"The problems of moving only shipments necessary to public health and to our defense effort during a total rail shutdown are of vast complexity—far more so than those presented by the strikes in the maritime industry.

"As you know, the Department of Defense, in connection with some strikes in the maritime industry, has in the past, and with the cooperation of the parties involved, established procedures for the continued handling of defense cargo. However, the unions in that industry had only to agree to continue to handle defense cargo already identified as such and already at the ports.

"This arrangement did not involve the problems of defense cargo identification, its segregation from commercial freight and its transportation from many diverse points. Even more significantly, it did not involve the question of shipments into and from industrial plants which are engaged not only in production essential for the Nation's defense and public health but also in regular commercial production.

"In short, the maritime unions were able to move finished and identified products already at the ports. But maintenance of our national