

"It must also be recognized that a cessation of all but so-called essential rail traffic would immediately saturate the other modes of transportation. Defense-related freight represents less than 5 percent of total rail traffic. This means that almost all cargo now moved by rail would immediately seek other means of transport—largely the motor carriers. The Department of Defense relies on motor carriers in about the same proportion as it does rail.

"It is probable that an elaborate priorities system would be needed so that essential truck freight would obtain preference, thus further complicating the administrative arrangements which would be necessitated by the unions' proposal.

"In addition, we pointed out to the union representatives certain other circumstances which in our opinion cast grave doubts on the feasibility of their offer.

"The Department of Defense in fiscal year 1966 made 735,400 rail shipments on Government bills of lading comprising approximately 7 million tons of freight. Our study indicated that 84 percent of these shipments moved in less than carload lots.

"If, in order to implement the unions' offer it would be necessary to consolidate these shipments into carload lots, the delay in time would be prohibitive. If these shipments were to move in boxcars which are not fully loaded, the added costs would be substantial.

"Moreover, only one-half of 1 percent of the total national rail movement involves direct shipments by the Department of Defense. The majority of defense-related freight moves on commercial bills of lading but even this is estimated to amount to less than 5 percent of total rail shipments. Moving this amount of freight across the country by itself—without the volume of other rail traffic—would become a very expensive proposition.

"Even if we are to assume that the difficulties I have pointed out with the union proposal can be overcome—and I emphasize again our opinion is that they cannot—who would absorb the cost of such uneconomical transportation? Are we to expect the rail carriers to bear this added cost? Or is the Government along with private shippers to bear it in the form of higher rates, thus subsidizing the continuing refusal of the parties to come to agreement?

"We pointed out all these problems to the union representatives. We discern no practical or sure solutions to them. No matter how diligent the unions' cooperative efforts might be, what is being proposed, in essence, is a reorganization of the Nation's overall production base.

"We think no such proposal is practicable in view of the complex and interrelated nature of our economy. We believe it is totally unworkable.

"At a minimum, it would lead to delays and disruption of vitally needed defense production. And under present world circumstances, we are convinced that it presents an unacceptable risk to national security and welfare.

"In conclusion, it is our opinion that the consequence of a shutdown of our national rail transportation facilities would be such that it cannot be permitted to occur. I say this not only because of the serious threat such a shutdown would pose to our national defense effort but also because of the great harm which it would do to our economic stability, upon which a strong national defense rests.