

*March 20, 1967.*—The Navy concludes that General Electric is the only supplier that could provide the main propulsion equipment needed for [classified material deleted] SSN to meet Navy requirements. A substantial portion of the design concepts for [classified material deleted] are based on technology developed by General Electric for other Navy programs. This technology is not easily transferrable. Further, Westinghouse is in serious production difficulty on its present Navy contracts, as is evident from the March 1, 1967, letter from Admiral Galantin to Mr. Burnham (Westinghouse president).

*March 23, 1967.*—Admiral Rickover calls Mr. Craig (GE vice president). Mr. Craig reiterates that General Electric does not have the engineering talent to undertake the design of the main propulsion equipment for [classified material deleted] SSN. He suggests the Navy go to Westinghouse. Admiral Rickover points out that General Electric had developed under Navy contracts most of the design concepts associated with this project and thus there would be less strain on U.S. electricals and turbine engineering talent for General Electric to do this than for Westinghouse. Further, Westinghouse is in just as serious difficulty as General Electric for this type of design talent. Mr. Craig agrees that if the Government issued a directive for General Electric to do this job they would proceed faithfully to do the job and to charge a reasonable price.

*March 27, 1967.*—Admiral Rickover calls Mr. Craig (GE vice president) and advises Mr. Craig that the Chief of Naval Material (CNM) is going ahead with steps to obtain a directive for General Electric to design and manufacture the main propulsion equipment for [classified material deleted] SSN.

*March 30, 1967.*—CNM forwards the March 17, 1967, Electric Boat request for Government assistance to the Department of Commerce asking that a directive be issued requiring General Electric to accept and perform an order to design and manufacture the main propulsion equipment for [classified material deleted] SSN.

*March 31, 1967.*—Mr. W. J. Zepp, executive secretary, Business and Defense Services Administration (BDSA), Department of Commerce, advises NAVSHIPS that it is doubtful that the Department of Commerce could issue a directive for General Electric to design and manufacture the main propulsion equipment for [classified material deleted] SSN since design work is involved. NAVSHIPS requests a meeting as soon as possible to resolve this matter.

*April 3, 1967.*—Representatives of NAVSHIPS and CNM meet with Mr. A. A. Bertsch, Assistant Administrator for Industrial Mobilization, Business and Defense Services Administration (BDSA), Department of Commerce. Mr. Bertsch states that the Department of Commerce stands ready to issue a directive if necessary to obtain performance of the design and manufacture of the main propulsion equipment for [classified material deleted] SSN. However, Mr. Bertsch states that the Navy should first try to work this matter out with General Electric.

*April 3, 1967.*—Mr. Bertsch (BDSA, Department of Commerce) meets with representatives of NAVSHIPS, CNM and General Electric. Mr. Bertsch advises General Electric that the Department of Commerce will issue a directive if necessary to obtain performance of the design and manufacture of the main propulsion equipment for [classified material deleted] SSN. However, Mr. Bertsch asks General Electric to reconsider its position and respond to the Navy by April 5, 1967.

*April 6, 1967.*—Although no reply has been received from General Electric, Mr. Bertsch (BDSA, Department of Commerce) advises NAVSHIPS that the Department of Commerce will not issue a directive for General Electric to design and manufacture the main propulsion equipment for [classified material deleted] SSN. Mr. Bertsch states that NAVSHIPS instead should have Electric Boat issue a rated order to General Electric for this work. The Department of Commerce position is that a directive should not be issued until General Electric had officially refused a rated order for this work and the Department of Commerce had evaluated General Electric's reasons for refusal.

*April 13, 1967.*—Electric Boat, in a telegram from Mr. Jones (EB president) to Mr. Craig (GE vice president), advises General Electric of Electric Boat's intention to issue General Electric a rated order for the design and manufacture of [classified material deleted] SSN main propulsion equipment. In this telegram Electric Boat requests that General Electric reconsider its position and agree to submit a proposal for performance of this work.