

thing like that in World War II and the Korean war. We had wage and price controls and along with them a very heavy excess profits tax.

There was at least some attempt made to impose equality of sacrifice. But none of us considered those controls as representing the American way of life, and they have been avoided so far in the Vietnam war.

It should be noted also that the railroad industry's rates, or prices, are already subject to Federal regulations. But their profits are not. In fact, far from being subject to a heavy excess profits tax, the railroads and the other corporations are currently being handed by Congress a major tax cut on their profits, through restoration of the so-called investment tax credit on an even more favorable basis than before.

We estimate this new basis for the tax credit, involving a ceiling of 50 percent of total income tax liability instead of the former 25-percent ceiling, will mean at least \$50 million a year more profits (and less taxes) for the railroad corporations.

That is what Congress is handing them—at the same moment they are demanding that you rob their employees of their basic democratic rights. And lest you think that the railroads are starving for profits, let me remind you that net profits of class I railroads have already risen during this wartime period from \$651 million in 1963 to \$925 million in 1966.

Wholly apart from this, it is just as unfair for the Government to impose forced labor on railroad workers for the profit of the railroad industry's customers—nearly all of whom are themselves profitmaking companies—as it is to impose forced labor for the profit of the railroad industry's stockholders.

If the Government wants to subsidize railroad freight rates, it should not take that subsidy by force out of the sweat and labor of the railroad employees.

We have had considerable experience with compulsory arbitration in the railroad industry, and all of that experience has been bad. The Railway Labor Act imposes a system of compulsory arbitration for so-called minor disputes or grievances, including the interpretation of labor agreements.

This has led to delays as long as 10 years in settling such disputes, causing great frustration and injustice to the employees. The situation became so bad, in fact, that Congress last year, by unanimous vote of both Houses, made substantial changes in the system. That bill, as I am sure you recall, came out of this committee.

Congress in 1963 also imposed a 2-year compulsory arbitration of the manning rules for railroad "operating" employees, affecting chiefly firemen (helpers) and trainmen. The compulsory arbitration board in that case handed down an unfair and confusing award, which has imposed needless suffering on thousands of men.

Also important is the fact that this compulsory arbitration award did not settle the manning rules question—it only swept it under the rug for a while, so far as the general public is concerned.

The unions involved have tried to settle the question through negotiations, but—except for one agreement between the trainmen and 34 railroads—the railroads instead have tied the union up through court injunctions.