

# PRESIDENT TAKES OVER RAILROADS

### Operation to Be Controlled Through Present Management.

## INCOME IS GUARANTEED

Net Operating Revenue To Equal Average Of Three Years Preceding June 30, 1917—New Security Issues To Be Given Government Backing And Condition Of Properties To Be Maintained.

Washington.—President Wilson by proclamation has taken possession and operation of the nation's railroads for the war. William G. McAdoo, retaining his place in the Cabinet as Secretary of the Treasury, is placed in charge as Director-General of Railroads.

Every railroad engaged in general transportation with its appurtenances, including steamship lines, is taken over, and all systems will be operated as one under the Director-General.

In a statement accompanying his proclamation, the President announced that as soon as Congress reassembles he will recommend legislation guaranteeing pre-war earnings and maintenance of railroad properties in good repair.

Government backing will be given to new issues of railroad securities, that a ready market may be found.

The President's move, although forecast for weeks, came at this time as a great surprise to nearly everybody in Washington, including railroad officials. It had been generally believed he would await the reassembling of Congress before taking any step. He acted through Secretary of War Baker, under authority conferred in the Army Appropriation act.

Direct management of the roads will remain in the hands of railroad officials, and the Railroads War Board, comprised of five railroad heads, will continue to direct actual operation under Secretary McAdoo's general supervision.

The chief practical effect of Government operation will be to permit a complete unification of all rail systems, impossible under private operation by reason of statutes prohibiting pooling of rail traffic and earnings. The roads themselves had gone as far as they dared in this direction, and they had been warned by Attorney-General Gregory that a violation of anti-pooling laws could not be permitted.

This situation was fully realized by President Wilson, who, in his statement, declared the roads had gone as far as they could and that already some systems were endangering their earnings in attempting unification.

Although the proclamation applies to all electric lines engaged in general transportation, local interurban systems are specifically exempted.

To Cost \$100,000,000 In Year.  
Congress will be asked to guarantee earnings equivalent to the average net operating income of each railroad in the three-year period ending June 30, 1917. Railroad experts estimate that this will cost the Government next year in the neighborhood of \$100,000,000, which can be raised in large part by increased freights, if the Interstate Commerce Commission grants the roads' application for the 15 per cent. rate increase now pending. Otherwise it will be paid largely out of the general Government funds.

The Interstate Commerce Commission and other Government agencies which have to do with the railroads will continue to perform their functions as heretofore except that they will be subject to orders of the Director of Railroads.

The President makes it clear that his decision was not made because of any failure on the part of the railroads to perform their whole duty in so far as they could while hampered as they were by legal restrictions.

Express Companies Too.  
Some doubt was felt as to whether express companies are included in the President's proclamation. They were not mentioned specifically, but the President referred to every system of transportation and the appurtenances thereof. This was generally interpreted as including these companies, whose business is so closely interlocked with that of the railroads.

It is presumed that railroads will apply direct to the Interstate Commerce Commission or to the state commissions, as in the past without referring question of rate increases to the Director-General, although the procedure will depend largely on the scheme of control to be worked out by Mr. McAdoo.

### RUSS RELEASE AMERICAN.

Charles S. Smith, Of St. Louis, Detained Only A Few Hours.

Petrograd.—Charles S. Smith, of St. Louis, a member of the American Railway Commission in Russia, who was arrested recently at Tchita, Siberia, was released after a few hours' detention, according to advices reaching the American Embassy here.

# MANY SHIPS BEING BUILT

### Admiral Brooks Tells Senate Committee of Program.

## IS ONE-FIFTH COMPLETED

Will Add Total Of 8,252,033 Tons—Refusal Of Capps To Approve Goethals' Contracts Caused Two Months' Delay.

Washington.—Rear-Admiral Bowles, superintendent of construction for the Emergency Fleet Corporation, told the Senate Commerce Committee investigating the shipbuilding program that there are 1,389 ships of all types under construction or already built by the Fleet Corporation, and that these ships have a total tonnage of 8,252,033 deadweight tons.

Admiral Bowles, in giving for the first time definite facts and figures relative to ship construction for war purposes, brushed aside all controversies over management and all petty details in respect to nonessentials. In 15 minutes he gave the committee more solid facts about the ship program than had developed in two days' hearings.

He told the Senatorial inquirers that of the 1,389 ships under way or built, 279, with an aggregate tonnage of 1,244,300, are of wood. Here are some of the other facts and figures which he produced:

A total of 550 steel ships are under construction, with an aggregate tonnage of 3,920,000 dead weight.

In all 393 ships have been requisitioned by the Shipping Board while under construction in American shipyards, with a total tonnage of 277,923.

A total of 58 composite ships—that is, ships built of both wood and steel—having an aggregate tonnage of 207,600, are under construction.

When Admiral Bowles had laid these sharp facts before the Senate Committee, he produced a chart which showed that taken in all, the American ship program as launched was more than 20 per cent. completed. This was not shown in terms of individual ships but in the aggregate volume of construction.

Without brag or boast, without regret or apology, Admiral Bowles laid the whole situation as it exists today before the Senate inquirers, and when the hearing of the afternoon concluded, the members of the committee knew where the country stands, although some of the reasons why it does not stand better with respect to a merchant fleet remain obscure.

The facts which the Admiral laid before the committee and before the country, whether discouraging or not, were decidedly enlightening.

In executive session Admiral Bowles said he was prepared to show to the committee exactly how many ships would be delivered in January, how many in February and so on through the year. This was information he said which he did not feel that he should make public to the world.

Testimony of Shipping Board officials disclosed that the start on construction of fabricated steel ships was delayed two months by the refusal of Rear-Admiral Capps, formerly general manager of the Emergency Fleet Corporation, to close contracts negotiated by his predecessor, Major-General Goethals, until many alterations in them were made.

### U-BOAT CHASER BURNED.

Two Of Crew Injured In Lowering Small Boats.

An Atlantic Port.—A submarine chaser on patrol duty near here, was destroyed by fire and two of her crew injured in lowering the small boats. They were taken to a naval hospital.

When the fire started in the engine room the crew beached the craft and after they got to land a short battery opened fire on the vessel in an effort to puncture the gasoline tank and prevent an explosion. Two shots went wide and then another submarine chaser fired into the tank releasing the gasoline.

### 101 LOST WITH SHIP.

British Armed Steamer Stephen Furness Torpedoed In Irish Channel.

London.—The British armed steamer Stephen Furness has been torpedoed and sunk by a German submarine in the Irish channel. Six officers and 95 men were lost.

The Stephen Furness was a merchantman of 1,712 tons gross, built in 1910 at West Hartlepool and owned by the Tyne Tees Shipping Company, Ltd.

### AMERICAN PROPERTY SEIZED.

Under Trusteeship Of Berlin Government—Not To Be Confiscated.

Berlin (via London).—The property of Americans in Germany has been placed under the trusteeship of the German government. There is no intention, however, to confiscate property or to infringe on the personal rights of the propertyholders.



# RUSSO-JAPANESE SECRET TREATY

### But It May Not Be Against England and America.

## RUSSIAN RUMOR SAYS IT IS

They Believe It To Be A Convention To Safeguard The Rights Of Japan And Russia In The Far East.

Petrograd.—Under the heading "Secret Treaty Between Japan and Russia for Joint Armed Demonstration Against America and Great Britain in the Far East," the Izvestia publishes what it says is the text of the secret treaty drawn up last year providing for joint action by Russia and Japan to prevent any third country from achieving political dominance in China. The treaty, dated July 3, 1916, runs for five years, automatically extending itself until a year after one party expresses the desire to annul it. It is signed by Sergius Sazonoff, the Russian Foreign Minister, and Viscount Motono, Japanese Foreign Minister.

The treaty stipulates that "the agreement shall remain a deep secret for all except for the contracting parties." It opens with the statement that it is designed to supplement and strengthen the secret treaties of 1907, 1910 and 1912. Article I is given as follows:

"The contracting parties recognize that the interests of either side demand the defense of China from political domination by any third power whatsoever checking hostile intentions toward Russia and Japan, and therefore undertake whenever circumstances necessitate to enter into open relations based on full confidence in order to prevent the advent in China of such a state of affairs."

"Article II.—In the event that, as a consequence of any measure undertaken by mutual consent by Russia and Japan on the basis of the preceding article any third power, as foreseen by Article I should declare war against Russia or Japan, the other contracting party shall, on the first demand of its ally, come to its aid. Each contracting party binds itself not to make peace with the common enemy without obtaining the agreement of its ally."

"Article III.—The condition on which either party shall give armed assistance and the means by which such assistance shall be expressed, shall be fixed by the respective authorities of the contracting parties."

"Article IV.—It must especially be kept in mind that neither party shall consider itself obligated in accordance with Article II to give its ally armed assistance unless it receives guarantees from its ally to the effect that they will give it assistance to the extent necessitated by the seriousness of the possible conflict."

### Not Against The U. S.

Washington.—American officials said they had no knowledge of the so-called secret treaty between Russia and Japan, described in the Petrograd dispatches, but they considered that to describe it as contemplating "joint armed demonstration against America and Great Britain in the Far East" was not borne out by the text of the published articles. There is a possibility that the treaty referred to is the special convention concluded between Russia and Japan at about the same time as the so-called secret treaty.

### LAST GERMAN PAPER SEIZED.

Costa Rica Acts When Wilson And Lloyd George Are Lined.

San Jose, Costa Rica.—Nueva Era, the last German paper in Costa Rica, was seized by the Government on account of libelous articles against President Wilson and the British Prime Minister, David Lloyd George. It published also a violent protest against the recent blacklist.

# CRASH ON L. & N. THIRTY-EIGHT DIE

### Fast Train Piles Into Rear End of Accommodation.

## THREE CARS IN SPLINTERS

Most Casualties Occur On Slow Train, Which Is Hit Just After Pulling Out From Way Station.

Shepherdsville, Ky.—Thirty-eight persons were killed and about 39 others injured when Louisville and Nashville passenger train No. 7, from Cincinnati to New Orleans, crashed into the rear of a Bardstown, Louisville and Springfield accommodation train just south of the station here, according to W. F. Sheridan, superintendent of the Louisville division.

First reports, apparently authentic, had placed the number of known dead at 67 and the number of injured at between 40 and 50, but this was reduced when an official check of the figures was made.

No cause for the wreck was assigned by Mr. Sheridan, who would make no statement, pending an investigation of the tragedy.

From other sources it was learned that the accommodation had left the station after making a stop, when the fast train came in sight running at a high rate of speed and plunged into the rear end of the train ahead. The two wooden coaches and the baggage car making up the lighter train were splintered.

A relief train was started from Louisville at once, but by the time it arrived the injured and the bodies of the dead had been recovered from the wrecked train. Thirty-five of the injured were placed aboard the relief train and rushed to Louisville. Three or four others were taken to private homes in Shepherdsville, Superintendent Sheridan reported, but he said he had been unable to learn the exact number.

None of the passengers aboard the fast train were killed and none of them received more than minor injuries. Another locomotive and train crew were sent here from Louisville and after detaching one baggage car the New Orleans train went on as usual as the right of way was cleared.

James Weatherford, telegraph operator at the station here, said that after the accommodation train left the station he had thrown his block to show the track clear and left the office to help handle baggage. When he got outside, he said, he saw the fast train approaching, ran back to the office, pulled his block to show red, seized a lantern and rushed to the platform to flag it. He reached the side of the track just as the heavy locomotive thundered by.

### POWDER MILL BLOWN UP.

Sixteen Workers Escape At Shamokin Factory.

Shamokin, Pa.—Sixteen employees escaped unhurt when the chaser mill of the Shamokin Powder Company, two miles north of here, blew up, following a fire. The plant is manufacturing black powder for ammunition and mining purposes. After the explosion fire swept the building but heroic work on the part of workmen and firemen prevented the flames from reaching other buildings of the plant. The origin of the blaze is undetermined.

### SPY LETTERS SEIZED.

Customs Officials Find German Communication System.

Washington.—Operation of a system of regular communication between the United States and Germany, Austria and European neutrals was disclosed by announcement of customs officials that within the last two weeks they have found scores of letters containing inscriptions in invisible ink or code phrases in the clothing or personal effects of ships' crews bound to or from Scandinavian ports.

# A LATIN LEAGUE THE GERMAN AIM

### Plot Revealed in Connt Lux- burg's Telegrams.

## WAR DECLARATION EXPECTED

State Department And Argentina Simultaneously Publish Forty Additional Messages Between Buenos Aires and Berlin.

Washington.—Argentina, the richest and most important, the proudest and the most democratic of the South American republics, is momentarily expected to break with Berlin. A declaration of war will follow.

The decision of the Argentine government to align itself with Pan-America and the forces of democracy against Germany was marked by the simultaneous publication in Buenos Aires and Washington of 40 telegrams that passed between the Berlin Foreign Office and Count Luxburg, German minister to Argentina.

By far the most important revelation in the messages is that the German foreign office was in complete accord with the Luxburg plans. Messages from Zimmerman and the present Foreign Minister Kuehlmann telling of Germany's necessity for disregarding international law, admit that her pledges to Argentina cannot be kept and advise the deceit practiced by Luxburg upon the Argentine government.

So revolting is the duplicity revealed, so insulting the contempt for Argentina displayed, that diplomats and officials here are unanimous in predicting the break. It may be stated further on the highest official authority that the Argentine foreign office in arranging for the publication of these dispatches has tacitly agreed that no other course than a rupture is now open.

Forecasts of the Argentine break are believed to have reached Germany already.

There have been two causes which have prompted Argentina to its final step. One was the steady economic pressure of the United States impressing President Irigoyen and his advisers with the essential community of interest between Argentina and the United States. The other was the steadfast stand of Romulo B. Naon, Argentine minister here, who has insistently urged the wisdom of this step upon his government.

The telegrams as published rival the Zimmerman note to Mexico and the "suprios versenkt" message which first brought Luxburg invidious distinction.

Perhaps the item which most interested Washington tonight was a telegram in which Luxburg informed Berlin of the whereabouts of Admiral Caperton's squadron before and after the ceremonial visit to Buenos Aires, following our declaration of war against Germany.

The negotiations to which Luxburg constantly referred were over the sinking of the Argentine ship Toro. Luxburg sent a message almost every day from July 7, 1917, up to September 1. On that day Luxburg wired that he was seldom allowed to see the President. It was shortly after this that the "suprios versenkt" message was made public in the United States and Luxburg's recall asked for.

Throughout Luxburg's advice delay in a positive answer with regard to the sinking of ships, belittles the abilities of the Argentine officials and describes various plans through which they can be blocked.

One of the most important disclosures is the fact that Foreign Minister Zimmerman was in complete accord with Luxburg's plans. Under date of July 24 he sent a note to Luxburg admitting Germany's total disregard of international law and advising him that despite his promises Argentine ships would undoubtedly have to be sunk.

In other words, Germany's foreign minister admitted that the exigencies of the submarine warfare made it impossible for her to observe the provisions of international law requiring the mere identification of a vessel before sinking. He admitted that Germany did not dare to take this attitude formally or openly on account of the other neutrals and he advised that Argentina be lulled with fair words, while the foul work went on.

The revelation of this policy, it is expected here, will have a distinct effect on Germany's relations with the other Northern neutrals. Norway has suffered disastrous sinkings twice within two months and has received the same sort of explanations from Berlin as were handed to Argentina.

It is remarked that the Swedish Government has chanced since the last Luxburg revelations and it is predicted that the new ones showing the further nefarious use of Sweden's diplomatic channels will have their effect in Stockholm.

### SUNK BY THE FRENCH.

Two Enemy Submarines Are Sent To The Bottom.

Athens.—French destroyers have sunk two enemy submarines in the Gulf of Taranto.

# THE NATION SAVED MILLIONS ON SUGAR

### Would Have Been 25 or 30 Cents a Pound, Says Hoover.

## PRICE-FIXING IS JUSTIFIED

Statement Which Senate Committee Turned Down Made Public—Saved Public \$200,000,000.

Washington.—President Wilson took a hand in the sugar quarrel between Senator Reed, chairman of the Senate Investigating Committee, and Herbert Hoover, Federal Food Administrator, and made public Hoover's explanation of the sugar famine, which the latter had submitted to the Senate committee and which Senator Reed stuck in his hip pocket without authorizing its publication. Hoover had, in the meantime, given the President a copy of the statement.

The Hoover statement is a 3,500-word review of the sugar situation in the United States and the world. He lays stress upon the point that if the American people refuse to cut down their normal consumption and economize on sugar this country will be forced to withdraw a number of transports from the Atlantic Ocean and send them to Java for sugar. This step, he says, will diminish our ability to send soldiers to France by 200,000 men next year. He adds that if the American people will diminish their sugar consumption next year by 10 or 15 per cent., or if the Cuban crop is larger than now anticipated, this disaster of transport necessity can be averted.

The statement attributes the shortage here to the heavy movement of sugar from the Western Hemisphere to Europe, and asserts that, without the fixing of prices by agreement, sugar would have been selling for 25 or 30 cents a pound, and more than \$200,000,000 probably could have been profited from the American people by this time.

At the outset the statement presents the world sugar situation as it existed prior to the European war. The Allies then produced much of their own supplies and purchased the remainder from Germany. Before the war they took only 300,000 tons annually from the Western Hemisphere. This year they have taken 1,400,000 tons.

"That," says the Food Administrator, "is the cause of the sugar shortage, and nothing else."

The statement says the Food Administration has handled the situation with a view to sustaining the morale of France and England, where the sugar ration has been extremely low for months, the same time preventing a jump in price to 20 or 25 cents here.

Since the Food Administration was created in August, the United States has exported to the Allies 110,256 tons of refined sugar, and in the same period Cuba shipped to Europe 246,133 tons of raw product. This, it is declared, is just the amount of the shortage in the United States.

### GREETINGS FROM PERSHING.

Renewed Pledges Of Devotion To Our Sacred Cause From All Ranks.

Washington.—General Pershing cabled to the President and the Secretary of War holiday and New Year's greetings from himself and the other American troops in France. The cablegram, which was sent to General Tasker H. Bliss, chief of staff, read:

"Please extend to the President and the Secretary of War holiday greetings and best wishes for success of our arms during the coming year and convey to them from all ranks of the American expeditionary forces in France renewed pledges of devotion to our sacred cause."

"Likewise express our greetings to our comrades at home, coupled with full confidence in the patriotism, courage and devotion to the flag."  
(Signed) "PERSHING."

### GENERAL BLISS' REPLY.

General Bliss, chief of staff, sent this message in reply:

"The President and Secretary of War send to you and the American Army in France the most cordial greeting and good wishes for this Christmas season from the people of the United States. Your comrades in arms in every camp and cantonment send you greetings. From every home today goes a prayer for the welfare and success of our troops in France and personally for that of every man of them. The nation reposes in you and them its full confidence that in God's good time and with God's blessing its troops in France, side by side with their gallant Allies, will bring victory and abiding peace to all the world."

### TEA LEAVES IN WAR.

After They Have Steeped They Are Used For Munitions.

London.—Instructions have been sent to all Army and Navy canteens to save all used tea-leaves, which are to be carefully kept in muslin bags and forwarded to central depots.