

McAdoo Will Be Supreme as Head Of the Railroads

Won't Rush In Like a Bull in a China Shop, He Says

Priority Orders To Be Cut Down

Elimination of Competition Will Add to Lines' War Efficiency

[Staff Correspondence]

WASHINGTON, Dec. 27.—Director General McAdoo is going to run the railroads. Any one who wishes or wills may make suggestions, and these suggestions will be taken into consideration. But nobody is going to issue any orders that must be obeyed—that is—nobody but Mr. McAdoo. This applies to the Interstate Commerce Commission, the railroads war board, the fuel administration, the food administration, priority experts and everybody else.

Mr. McAdoo made this quite clear in an informal conference with newspaper men to-night. He issued a short formal statement, and then replied to all questions put to him, the answers to most of them being that he had not had time to discuss details with the men who knew, that for the present certainly the operating chiefs of the roads would be undisturbed, and that he did not intend to rush in like a bull in a china shop.

The new director general thinks that a lot of good can be accomplished in a very short period by two things—cutting down the priority orders to virtually nothing and elimination of the desire on the part of the railroad men to obtain all the high priced traffic possible for their own lines, instead of letting the traffic follow the line which can handle it most expeditiously, and which happens to have the least congestion.

Secretary Clears Up Financing Problems

One of the most important points cleared up by the Secretary, so far as railroad financing is concerned, related to future financing of the roads. All maturing obligations must be met by the corporations themselves, probably by selling new securities. It was pointed out that if Congress enacts legislation carrying out the President's suggestion that the roads should be paid a sum equal to the average net operating income of the three years ended June 30, 1917, there should be no difficulty about arranging the sale of refunding bonds.

And there is little doubt here that Congress will enact virtually what the President has proposed.

No new financing will be necessary on the part of the roads. If new equipment is needed or new terminals or whole new lines the government will proceed with the work. At the time when the roads are handed back to their owners, or at the time when the government finally takes over the roads, whichever is the case, adjustments will be made for the improvements which are regarded as over and above normal replacements, and keeping the road in the same condition in which it was taken over.

It was estimated here to-day that the financing which the roads must do during 1918 to cover maturing obligations will amount to about \$200,000,000.

Text of McAdoo's Formal Statement

Mr. McAdoo's formal statement follows: "This new task is of great magnitude and difficulty, it cannot be done in a moment, and it cannot be done at all unless the people of the United States, as well as the officers and employees of the railroads, give to the railroad director their intelligent and patriotic support. I earnestly seek the cooperation and assistance of every good citizen in this great work.

"The operation of the railroads as a thoroughly unified system is of fundamental importance to the success of the war. Without it, we cannot get the effective use of our resources. The supreme test in this war will probably come in the year 1918. Victory will depend upon our speed and efficiency. We can get neither speed nor efficiency unless the railroads are equal to the demands of the situation.

"I can only say at the moment that the problem will be taken hold of vigorously and that plans and policies will be announced from time to time, as rapidly as it is possible to mature them. Meanwhile, the business will be conducted through the existing railroad organizations, with all the support and power of the government asserted in behalf of more efficient and satisfactory operation.

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What U. S. Railroad Operation Will Mean

The end of competition for the duration of the war.

Pooling of traffic, equipment, trackage, terminals and all facilities.

Judge Robert S. Lovett to remain director of priority. Single government transportation director to supervise government shipments only.

No more routing by shippers. All consignments to be distributed so as to produce maximum efficiency of operation.

Operation to be conducted through existing railroad organization. Committee of railroad vice-presidents to continue handling traffic at Pittsburgh.

Cut in salaries of high officials. Probable increase in employees' wages. Employees to be exempt from army draft.

Dividend payments subject to supervision and approval of the Interstate Commerce Commission. All excess earnings to revert to the government.

No new financing by railroads. Government to make all improvements and furnish all new equipment.

Cost of improvements to be adjusted after the war.

Lines to be extended wherever needed for more efficient prosecution of the war.

Wall Street Rushes to Buy Rail Shares

Government Guarantee of Income Results in Soaring Prices

Wall Street's reaction to President Wilson's proclamation announcing the taking over of the railroads for the period of the war, with generous guarantees as to income, was a great rise in quotations for railroad securities on the Stock Exchange yesterday.

Standard railway shares, which lately have been selling at the lowest prices in a quarter century, suddenly took an extraordinary strength, soaring in a spectacular manner. Gains of 10 to 12 points were common. One stock—St. Paul preferred—jumped 17 1/2 points at the opening. Others bounded up anywhere from 5 to 9 points.

The rise took place on the heaviest and most excited trading witnessed on the Stock Exchange in months, dealings in railroad issues amounting to \$50,000,000 out of the day's total transactions of approximately 1,100,000 shares.

The violence of the initial advance made it impossible for brokers to execute all the orders placed in their hands before the opening. Old time stock market followers said the trading for the first ten or fifteen minutes was the wildest they had seen in many years.

The immediate cause of so much excitement was stamped to buy by speculators who had been selling railroad stocks with much persistency in recent weeks, in the expectation of buying them back at lower prices, thus making a profit.

Buying orders for thousands of shares had been placed on the market by traders of this class, and prices shot upward by leaps and bounds as frenzied groups of brokers, gathered about the trading posts at which various railroad stocks are dealt in, bid frantically for all the offerings in sight. Even after the first rush to buy had subsided the market continued volatile, with trading at a high tension, with fluctuations of one to two points between sales the rule.

Setbacks of 2 to 5 points followed the initial uprush of prices. Then the market rallied again and in the case of a number of railroad stocks higher prices were established. At the close the leading railroad shares showed net gains of 2 to 12 points. Industrial stocks advanced in sympathy with the railroads. United States Steel common stock leading, with an advance of 3 1/2 points to 57 1/2.

Some of the extreme advances on the opening upturn were: Baltimore & Ohio, 15 1/2 points; Union Pacific, 8 1/2; Delaware & Hudson, 8; Norfolk & Western, 7; Pennsylvania Railroad, 3; St. Paul preferred, 17 1/2; St. Paul common, 11 1/2; Northern Pacific, 9 1/2; New York Central, 7 1/2, and Great Northern preferred, 8 1/2.

Bolsheviki Surrender To Chinese at Harbin

Russian Troops Disarmed and Made Prisoners, Says Tokio Report

TOKIO, Dec. 27.—In a fight between Chinese and Russian Maximilian troops at Harbin, Manchuria, Wednesday morning, the Russians surrendered and were disarmed and made prisoner, according to a report, which is considered reliable, received here from Harbin.

The advisers say the Chinese now occupy the prison at Harbin.

Big Air Fleet Shattered by Italian Fire

About Half of Twenty-five Attacking Teuton Machines Brought Down

[By The Associated Press]

ITALIAN HEADQUARTERS IN NORTHERN ITALY, Dec. 27.—One of the heaviest air raids the enemy has attempted on this front came to grief yesterday, when nearly half of a fleet of twenty-five airplanes was destroyed, with an extensive list of killed or wounded.

The big fleet swept over the camp west of Treviso at 8 o'clock yesterday morning, flying low and discharging machine guns. Considerable damage was done. Notwithstanding the surprise the Italian and British machines were soon in the air and engaged the enemy at close quarters. The fighting was most spectacular, eight of the enemy cars being brought down, six of them falling within the Italian lines. The other machines beat a hasty retreat.

The raiders, however, returned at 11 o'clock, and several more were disposed of, two falling in this attack inside the Italian lines. An observer who has just returned says that the scene of the conflict is covered with wreckage of the enemy aircraft.

One of the machines brought down was an air dreadnought, carrying three persons; the others carried two. All of these men were killed, wounded or captured.

Italy Attacks Monte Tomba; Berlin Reports Failure

LONDON, Dec. 27.—The only infantry action reported on the northern Italian front to-day was an Italian attack on Monte Tomba, on the west bank of the Piave, which the Berlin statements reports failed completely. Elsewhere there was lively artillery fighting, though between the Brenta and the Astico, the scene of the recent violent engagements, it abated somewhat.

The Italians, following their complete failure to recapture from the enemy the important positions of Monte Val Bella and Rosso Hill, at the head of the Brenner Valley, apparently are making desperate efforts to strengthen their defences around Valstagna, which alone bar the way to an enemy drive southward into the Venetian plains. The next few days will be critical for the Italian armies.

Vigorous German blows at Verdun parried by Petain—Page 5.

British Airman Wrecks Roulers

Bombs Blow Up Munitions Train—Aviator Brought Down by Air Pressure

AMSTERDAM, Dec. 27.—The town of Roulers (Roulers), in Belgium, was almost laid waste recently by the terrific explosion of an ammunition train caused by bombs dropped by a British airman, according to the frontier correspondent of the "Telegraaf."

The airplane itself was brought down by the aerial pressure. Many Germans and a few Belgians, the latter engaged in forced labor, were killed.

Expects Germans to Bomb New York City

Airman From Britain Says Teuton Have Machines to Make Good Their Threat

Lieutenant Edward J. Roberts, an American member of the British Royal Flying Corps, told the Aeronautical Society of America last night that Germany would make good her threat to bombard New York from the air.

"The Hun has said that he'll come over and bomb New York. He'll do it," the aviator said. "He has the machine. England at this moment has one that will fly continuously for thirty-eight hours, and the Atlantic can be crossed in thirty."

"More London people are injured by the rushes to take shelter in the tube stations and by their own shrapnel than by German bombs," he said.

"When I came back to the United States a short time ago, I was told that the service, I went straight to Washington and put myself at the government's disposal. For thirty-seven months now I have been flying, teaching, bombing, gunning, observing under actual war conditions. But Uncle Sam doesn't seem to want me nor my experience. I was told I could have a commission in the American army if I waited a couple of weeks. I have waited six weeks, and heard nothing."

"My inquiries at Washington failed to put me in touch with what was being done. I haven't been able to find out a thing except that 'we're making the Liberty motor.' I know we're woefully behind in proper design. When I asked what was being done about propellers a captain told me, 'Oh, that'll come.' I'm afraid they're going to make a mess of it down there by not taking advantage of the experience of our Allies."

German Food Cards 'Faked'

Kaiser Using Water-Marked Paper to Check Fraud

AMSTERDAM, Dec. 13 (by mail).—The various German food cards are now being issued on a special water-marked paper, as protection against counterfeiting, which had become a profitable business in many parts of the country.

Hylan to See President on Hulbert Place

Will Confer With Wilson on Plan to Save House Majority

Government May Take Over Harbor

Chief Flynn's Chance for Police Head Said to Be Small

Mayor-elect Hylan went to Washington last night and will call on President Wilson to-day. The appointment with the President is for 2:20 o'clock this afternoon, and was made through Senator William M. Calder (Republican), of Brooklyn. Representative Thomas E. Smith, secretary of Tammany Hall, expects to accompany the Mayor-elect. Judge Hylan declined to discuss his trip to Washington, except to say that he was "going down to pay his respects to the President."

It is understood the Mayor-elect has several matters of local importance in connection with war conditions which he wishes to "talk over" with the President. One matter in particular may preclude his intended appointment of Representative Murray Hulbert as Commissioner of Docks and Ferries.

It appears the Democratic leaders are anxious to retain every member they have at present in the House of Representatives. The political complexion of the House, when Congress reconvenes on January 3, will have been changed through deaths and resignations from a majority of two Democrats to a Republican majority of three. The Democrats lost three members from this city by the resignation of Representatives Griffin, of Brooklyn, and Bruckner, of The Bronx, who were elected to office at the recent city election, and of Representative Fitzgerald, of Brooklyn, who is retiring to enter private life. While Democrats probably will be elected at the special elections early next year to fill their places, the leaders do not feel sure of that result because of the recent reapportionment of Assembly districts in this city, which will affect the boundary lines of some of the Congressional districts in question.

U. S. May Take Harbor

Some of the leaders said yesterday that a proposal had been made in national administration circles for the government to take over, entire control of New York harbor during the period of the war, under a so-called Federal Harbor Master. They declared that such a course might eliminate the necessity of appointing a municipal dock commissioner.

President Dowling of the Board of Aldermen stated at the meeting of the Sinking Fund Commission yesterday that Mayor-elect Hylan was "now negotiating with the authorities in Washington" in regard to the leasing of city piers to the War Department. He urged this as a reason for postponing the leasing of several of the North River piers to the government until the incoming administration took office. The commissioners disregarded President Dowling's suggestion and voted to lease to the Quartermaster Corps of the army piers Nos. 84, 86, 88, 89, 90, 91, 92, 95, 96 and 97 on the North River.

Judge Hylan also expects to discuss with President Wilson the feasibility of the Federal authorities taking over the Quartermaster Corps of the Home Defence Guard, which is now an adjunct of the Police Department. It is understood the new Mayor intends to continue this large body of home guards, but wants the Federal authorities to assume the responsibility and expense. It is contended that the Home Defence League has never been popular with the members of the police force, as they feel that its members usurp some of the policeman's functions. Another matter which will probably be taken up is the effect that the taking over of the railroads by the government will have upon the solving of the West Side Improvement problem.

Police Head Not Settled

Judge Hylan stated positively yesterday that he "has not been settled about the Police Commissionership."

The day's developments in regard to the police situation appeared to lessen Senator Service Chief William J. Flynn's chances of landing the appointment, which Mayor-elect Hylan conferred with the Mayor-elect in regard to this appointment.

He urged Judge Hylan to appoint John T. Dooling, Assistant District Attorney, to the place. The District Attorney credited, after his talk with Judge Hylan, that Chief Flynn would not get the appointment. He denied that he had been taken into Judge Hylan's confidence about the position, but declared that from what he knew "it is a safe bet that it won't be Flynn."

The name of former Inspector George S. Titus was also mentioned yesterday as a possibility for the Police Commissionership.

Charles H. Hyde Calls

Charles H. Hyde, former City Chamberlain, who served under Mayor Gaynor, was another caller on Judge Hylan yesterday at the new Mayor's request.

The Mayor-elect and Mr. Hyde declined to discuss the result of the visit. Judge Hylan denied yesterday he had determined upon any definite reorganization of the public school system, as was reported. Senator Robert F. Wagner, who was a caller at Hylan headquarters and will have charge of the legislative programme of the incoming administration, said that the reorganization of the school system as outlined in a morning newspaper would not be feasible, if not impossible, because it would require so much special legislation.

GREAT BEAR SPRING WATER.

"The Party Has Made It Famous."—Adv.

Teutons State Their Peace Terms: No Conquests and No Indemnities

BLUEBEARD AGAIN OFFERS HIS HEART



300 Socialist Radicals Are Seized by Berlin

Followers of Hugo Haase Reported Arrested on Xmas Eve

LONDON, Dec. 27.—More than 300 members of the German Minority Socialist party were arrested on Christmas Eve by the German military authorities, according to a Zurich dispatch given out to-day by the Wireless Press as follows:

"Following the arrest of Minority Socialists at Cologne and Karlsruhe recently, the German military authorities made a large number of arrests on Christmas Eve in Munich, Frankfurt, Leipzig, Magdeburg, Düsseldorf, Darmstadt, Nuremberg, Dortmund, Cassel, Mannheim, Mayence, Coburg, Duisburg and Gotha.

"More than 300 Minority Socialists and local leaders in the towns mentioned were arrested."

No advices regarding the previous arrests of Minority Socialists in Cologne and Karlsruhe had been received. The German Minority Socialists comprise a strong faction in the party which refused to follow the lead of Philipp Scheidemann and others in their virtually unqualified support of the government. Their leaders in the Reichstag, such as Hugo Haase, have long been persistent critics of the government, denouncing the programme of unrestricted submarine warfare, various phases of Germany's diplomatic policy and the continuation of the war for imperialistic aims.

Recent advices throughout Washington have indicated a pronounced growth in the popular support of the Minority Socialists throughout Germany, the membership of this wing of the party being represented as expanding tremendously at the expense of the Reichstag Socialist branch.

The Berlin "Vorwaerts" early this month published figures showing that the Socialists polled 78 per cent of the total vote in the recent municipal elections in Leipzig, and that the Minority Socialists polled nearly 64 per cent of the total Socialist vote, making them the majority party in Leipzig.

The German working class was recently said to be almost solidly behind the Minority Socialist faction. The majority of the Socialist delegates in the Reichstag were declared at the same time to favor the policies of the Independents.

The Minority Socialists recently have been bitterly criticizing the government and their comrades for deceiving the Russians in the peace parleys at Brest-Litovsk and have strongly urged the acceptance of the Bolshevik peace terms, without change. It was the Minority Socialist faction that Vice-Admiral Capelle accused of fomenting the mutinies in the German fleet in early October.

Striving to Belgium Promise

Apparently, Belgium is promised freedom by Count Czernin if all the other German demands are met. But

Wilson Firm, Will Not Deal With Present German Rulers

Berlin's Proposals to Bolsheviki Considered "Not Worth While"; Trying to Confuse Russians and Gain Time to Concentrate Troops, Is Belief

WASHINGTON, Dec. 27.—Germany's proposals to the Russian Bolsheviki envoys through the Austro-Hungarian Foreign Minister for a basis of peace have attracted little more than passing interest here, chiefly because the attitude of the United States government has not changed in any degree since President Wilson solemnly told Congress that the word of the present rulers of Germany could not be accepted for anything worth while.

Moreover, officials here think the very conditions imposed by the Teutonic plenipotentiaries stamp their promises of no annexations and no indemnities as insincere.

It has been assumed from the first that the object of the Germans would be to keep the Russians talking as long as possible, confuse the situation in every conceivable way and thereby gain time for further troop movements to France, while impressing their people at home with the idea that the Kaiser really wants to make peace.

An Impossible Condition

One condition, regarded as impossible for the present, at least, is that the adherence of all belligerents must be secured to the peace the Germans are trying to make with Russia, before it can become effective. This is accompanied by a demand for the return of the German colonies now in the possession of Russia's allies.

It can be stated authoritatively that the position of the American government has not changed in any respect with regard to its determination to enter into no agreement with a government which does not represent the free will of the governed people. This would dispose of any hope the Germans might have that the Russians could induce America to subscribe to the peace treaty which they are now trying to arrange. As for the German colonies, the American government has never declared itself on the subject, and Lloyd George recently declared that was a subject for the peace conference.

No provision is made in Count Czernin's terms for the return to France of Alsace-Lorraine, which is regarded here as a condition that must be met as a preliminary to any peace agreement, an understanding declared by President Wilson in his message to Congress. In the light of the extraordinary efforts Germany has been making to rid these provinces of French inhabitants, it is believable here that Germany may propose a plebiscite of inhabitants, relying upon the vote of German soldiers and the imported German population, but such a proposal probably would be rejected by the United States and her co-belligerents.

Argentina has been expecting a visit from a German submarine fleet ever since the published dispatches of Count von Luxburg revealed that he had officially recommended such an expedition to his government.

These ports are not guarded, and it is asserted that the cargoes landed were mysteriously smuggled away. Later the German vessel was sighted close to shore at San Pedro de Aldera, where two persons are now under arrest as a result of their relations with the crew. They are charged with being spies.

The newspapers say the steamer disappeared as mysteriously as she came and that Brazilians believe she brought supplies for a submarine base.

U-Boat Supply Ship Reported Off Brazil

BUENOS AYRES, Dec. 27.—Brazilian papers received here to-day are filled with accounts of the movements of a German corsair off the Brazilian coast a few weeks ago. The newspapers assert that the mysterious vessel was identified as a German and that it unloaded an immense cargo of heavy cases at Coqueira and Armacao. Several days later the steamer returned to Armacao with additional cargo, which the newspaper accounts say it is believed she received from a larger ship out of sight of land. From Armacao the vessel proceeded to Calouro, where another portion of the cargo was unloaded.

These ports are not guarded, and it is asserted that the cargoes landed were mysteriously smuggled away. Later the German vessel was sighted close to shore at San Pedro de Aldera, where two persons are now under arrest as a result of their relations with the crew. They are charged with being spies.

Czernin, in Answering Russian Offer, Demands General Agreement

Right of Separate Nations Is Denied

Bolsheviki Give Allies Ten Days to Reply, Threatening Individual Action

PETROGRAD, Dec. 26.—The Central Powers are ready to make an immediate general peace without compulsory annexations and without contributions. This is their answer through Count Czernin, the Austro-Hungarian Foreign Minister, made on Christmas Day at Brest-Litovsk to the Russian proposals, which they are ready to accept in most particulars as the basis of negotiations. They insist, however, that the Central Powers cannot bind themselves one-sidedly to such conditions without a guarantee that the allies of Russia will recognize and fulfill these conditions.

The Russian delegates asked for a ten-day recess in the negotiations, in order to put the proposal before Russia's allies.

Count Czernin declared that the Central Powers believed that the basic principles uttered by the Russian delegates could be the basis of a general peace. He said they shared Russian condemnation of a continuation of the war for the sake of conquest.

It is necessary, the count added, to indicate most clearly, however, that the Russian proposals could be realized only in the event that all belligerents obligated themselves to adhere to the terms of such a peace.

The Austro-Hungarian Foreign Minister declared that the Central Powers did not intend forcibly to annex territories seized during the war, nor to deprive nations of political independence lost in the war.

Each Nation to Deal With Subject Races

The question of the subjection of nationalities who have not political independence to another country cannot be solved internationally, and must be met by each government and its people in the manner established by the constitution of that government. The protection of the right of minorities is an essential part of the right of peoples to self-definition.

In the event of a mutual renunciation of indemnification for war costs and war damages, Count Czernin continued, each belligerent would have to bear only the expense incurred for its subjects made prisoner and to pay for damage caused in its own territory to property of civilian subjects of an enemy country by violations of international law.

The creation of a special fund for this purpose, as suggested by Russia, could be discussed only in the event that the other belligerents join in the peace negotiations within a certain time.

The chairman of the Russian delegation expressed gratification at German willingness to make peace without annexations and indemnities and with the self-definition of peoples. He denounced, however, at the German statement on self-definition as being incomplete. He said the war could not end without the reestablishment of the violated rights of little and oppressed nationalities, and Russia would insist on guarantees that their lawful rights would be protected in a general peace treaty.

Teuton Peace Aims as Stated by Czernin

Count Czernin explained the position of the Central Powers in a statement which he read at the second session Tuesday evening. His statement follows:

"The delegations of the Allied (Teutonic) Powers, acting upon the expressly expressed will of their governments and peoples, will conclude as soon as possible a general peace. The delegations, in complete accord with the repeatedly expressed viewpoint of their governments, think that the basic principles of the Russian delegation can be made the basis of such a peace.

"The delegations of the quadruple alliance are agreed immediately to conclude a general peace without forcible annexations and indemnities. They share the view of the Russian delegation, which condemns the continuation of the war purely for aims of conquest.

"The statement of the allied (Teutonic) governments in programmes and statements have emphasized time and again that for the sake of conquest they will not prolong the war a single day. The governments of the allies unwaveringly have followed this view all the time. They solemnly declare their resolve immediately to sign terms of peace which will stop this war on the above terms, equally just to all belligerents without exception.

It is necessary, however, to indicate most clearly that the proposals of the Russian delegation could be realized only in case all the powers participating in the peace negotiations themselves scrupulously to adhere to