

McAdoo Orders Set Aside Law, Say Shippers

Grain, Livestock and Petroleum Men Declare They Are Robbed of Safeguards

Senate Committee Acts

Calls for Director's Files, and Remedial Legislation at Once Is Predicted

New York Tribune Washington Bureau
WASHINGTON, Jan. 24.—Amazement was expressed today by members of the Senate Interstate Commerce Committee when Clifford Thorne, testifying before the body on behalf of various livestock, grain and petroleum shippers, disclosed the extent to which the Federal Railroad Administration, by arbitrary orders, has set aside the statutory and common law provisions concerning damage claims against railroads.

Order after order, issued by William G. McAdoo during his term as Director General of Railroads, was read into the record by Mr. Thorne to prove his contention that shippers have been robbed of their safeguards and rendered more or less helpless in their efforts to obtain just settlement of their claims.

"If the members of Mr. McAdoo's staff had deliberately planned to double-cross the Director General and thereby to make government operation so unpopular that it would tend to kill any possible movement toward government ownership," said the witness, "they could not have adopted more effective methods."

Preliminary Bill Likely

So manifest were the feelings aroused among members of the committee who were present at the hearing that it is not improbable that an effort will be made to report out a preliminary bill that will grant shippers the immediate relief demanded without waiting for the final policy of Congress concerning future regulation of the railroads.

By way of immediate relief Mr. Thorne appealed to the committee to lay aside for the time being consideration of the fundamental questions of railroad control and amend the Federal control act at once so as to (1) restore the suspension power of the Interstate Commerce Commission; (2) strike out the clause in the act which has been construed by the railroad administration as making the orders of the President, issued through the Director General, superior to state and Federal statutes and common law; and (3) insert a clause requiring the Director General to pay final judgments against common carriers under his control and charge them to operating expense, where so chargeable prior to government operation.

Unpaid Claims Piled up

The witness said he had been informed that there were at present more unpaid claims for damages filed with the railroad administration by shippers than there had ever been in the history of American railroads.

The orders he read to the committee from the files of the railroad administration showed that the Director General had not only set aside established principles and rules of evidence in damage cases, but that he had issued instructions to regional directors not to pay judgments rendered in favor of shippers, where the verdicts might have been "based on passion or prejudice."

The witness had not got half through quoting from the orders of the Director General, when Senator Pomeroy, of Ohio, Democrat, and acting chairman of the committee, peremptorily directed the clerk of the committee to procure complete sets of all orders and instructions issued by the Director General, so that the committee could see for itself the full extent to which the railroad administration had set aside the law.

Senator Kellogg unhesitatingly charged that Mr. McAdoo had exceeded his authority, even under the broad powers of the Federal control act, and in this he was sustained by the opinions of Senators Cummins and Townsend.

"Whether the authority does or does not exist in the present act," declared Mr. Thorne, "what the shippers want is that you clear up the ambiguity in the law before the railroads have succeeded through more orders of this kind from the Director General, in putting over something more on the shippers than they have already done."

The committee adjourned over until Monday, when Mr. Thorne will again take the stand. He will be followed by R. C. Fulbright, representing the Southwestern Industrial Traffic League.

Statement by Witness

"At the outset of his testimony today Mr. Thorne presented the following written statement:

"Government operation is so distasteful among the shippers of the United States that were a popular vote taken to-day it would be defeated overwhelmingly.

"If the members of Mr. McAdoo's staff had deliberately planned to 'double-cross' the director general, and thereby to make government operation so unpopular that it would tend to kill any possible movement toward government ownership, they could not have adopted any more effective methods than those which actually have been adopted.

"I do not think for an instant that these railway officials have attempted to 'double-cross' Mr. McAdoo, for they are honorable men. Unquestionably the emergency demands of the war were largely responsible for the existing situation.

"There are some good things which Mr. McAdoo and his associates have accomplished that must be saved out of the wreckage. To do this intelligently and efficiently will require several months of discussion and the careful drafting of laws that will make some very important changes in our present statutes. During this interval the shipper wants protection against a business organization having powers that are autocratic and despotic in character.

"In the midst of the intensely interesting and instructive discussion which I have listened to during previous days, about the forty or more reforms that have been proposed by the Interstate Commerce Commission and the railway companies, I desire to challenge your attention, if possible, to a single proposition. It is of paramount importance to the stability and progress of American industry that you shall immediately restore the full powers of our courts and com-

missions over the railroads of the United States.

"This can be accomplished in a very simple manner by striking out a few lines and inserting one or two sentences in Section 10 of the railroad control law. We are gravely apprehensive whether we can command your attention to this subject sufficiently to get immediate action, when your discussion, up to the present moment, has centered upon a question of larger and more fundamental character concerning the permanent solution of the transportation problem—a question of vast importance, but one that cannot possibly be settled during this session of Congress.

"Our proposition, however, can be settled now. And unless this is done the shippers of the country will suffer incalculable injury. We differ on many things, such as the relative functions of the state and Federal governments, the pooling of earnings, mergers and consolidations which may tend to eliminate competition in service, the control of capitalization by the Federal government, or by the state; but I believe that I am safe in saying that the vast majority of shippers of the United States are united in urgently petitioning for immediate action on the proposition which I have stated.

"We believe that all other discussion might well be temporarily suspended for a few days so as to make possible the immediate consideration of this issue. Unless you decide to do this, nothing will be accomplished by the present Congress. For shippers, railway representatives, state commissioners, labor spokesmen, and reformers generally, can talk for the next six months continuously about the many propositions which have been suggested to you already by the railroad executives and by the Interstate Commerce Commission, to say nothing of those yet to come. You, yourselves, can reach no conclusion on this fundamental question inside of six months. The transportation problem forced upon us at this time will inevitably become one of the leading issues, if not the greatest, before the American people during the coming twelve months.

Asks Advice Be Taken

"It is essential that this amendment which we have suggested shall be in effect during this interval while you are considering the ultimate disposition of the railroads; for otherwise during the next few months many sweeping, wholesale changes in rates, rules and regulations now pending will be consummated; and these changes have no connection whatsoever with the war against the Kaiser.

"In the light of past experience, we earnestly beg of you to accept the word of no man as to the manner or the extent that these powers will be exercised in the future. When this law was before you Congress was told that the power to control rates during the time of Federal possession ought not to be exercised and would not be exercised except in such cases as might be necessary 'in the public interest.' You were told that, 'it would be very unwise for the Federal government to undertake through the Director General of Railroads—who merely represents the President in this control—to pass upon all the rates in the country, either *de novo*, or on questions that arise concerning them.' (Transcript of the hearings before the House committee, page 78).

And yet the fact remains that one of the first acts of the director general was to pass upon all the rates in the country, and at the present time the Director General is passing upon rates from one end of the nation to the other, and making orders that will not affect to the slightest degree the successful prosecution of the war against autocracy in Europe.

"The temptation was too great for our staff composed almost wholly of railroad men.

"The Director General of Railroads has exercised, and is now proposing to exercise arbitrary, despotic powers, in defiance of the common law and the statutory law of the country.

"The Director General has decided,

proposing to decide, on issues between the shippers and the railroads involving millions of dollars, without any semblance of a hearing before a disinterested body.

Upsetting Old Methods

"The Director General is now considering wholesale disturbances of rate relationships upon which business has been built up and established during the past generation, without any hearing before a disinterested tribunal before the new rates become effective. (These are strong statements, but before I finish my testimony I shall give concrete examples demonstrating their accuracy.)

"All this has created uncertainty and confusion among the shippers of the country, which is intolerable.

"We most earnestly petition the present Congress to amend Section 10 of the railroad control law as follows:

"First, restore the suspension powers

of the Interstate Commerce Commission, which will insure us a decision by a disinterested tribunal before any more sweeping revisions shall become effective; second, strike out the clause which attempts to make the orders of the President superior to state and Federal law and the common law; and, third, insert a clause requiring the Director General to pay final judgments against common carriers under his control, and charge the same to operating expenses, where so chargeable prior to government operation.

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"The present law, which attempts to authorize the former chairman of the board of directors of the Aetchison, Topeka & Santa Fe Railway Company, speaking for the President, to repeal statutes which have been solemnly enacted by Congress and by the several states, and to reverse the decisions of courts of last resort, is an abortion. This is supposed to be a republic, and not a monarchy."

are computed at \$750,000,000. The Director General refers to this as a minimum requirement and all figures are subject to later revision.

This report also shows that the present revolving fund is \$381,806,000 too little to settle all accounts for 1918.

"A very large part of these expenditures must be provided for in the first few months of 1919," said the Director General, "and we are compelled to allow for the situation that during the period prior to the next Liberty Loan campaign and during that campaign it would not be desirable or practicable for railroad corporations to do a large part of their own financing."

"Whether government control shall continue until the end of the twenty-month period or shall be terminated in the next few months, it is equally necessary that the appropriation above recommended be made. If the control continues for the twenty-month period it is my belief and the belief of my associates in the Railroad Administration that we cannot finance upon the railroad companies during the calendar year 1919 any greater portion of their capital expenditures than it is above assumed they will finance.

"On the other hand, if control should

\$750,000,000 More Is Asked For Railroads

has given the chief executives of the four transportation brotherhoods assurance of the earliest possible decision by him in reference to wage requests presented to the board of railroad wages and working conditions last October.

Railroad Union Heads Say New Wage Scale Will Soon Be Settled

CLEVELAND, Jan. 24.—The chief executives of the four railroad brotherhoods issued the following statement today upon their return from a trip to Washington regarding the organization's wage requests.

"The Director General of Railroads

will still be true that a very large part of the capital expenditures for 1919 will have been made, and, besides, the possession of an adequate fund to facilitate the transfer back to private control and to give temporary aid in financing will be highly desirable."

Cannot Count on Roads

"Such decision is not possible before March 1 next, but the benefits of such decision are to be understood as in full force and effect at this time, and the delay in issuing final decision by the Director General has been absolutely unavoidable.

"The assurance that the benefits of such order when issued are in effect at this time, should suffice to stop any unrest or agitation caused on account of delay."

They Take Their Inspiration From High-Priced Imports—

Misses' Frocks of Taffeta or Satin At \$25

Teeming with the spirit of youth, these frocks have an unusual appeal and individuality.

They are fashioned of the new Taffetas and Satins for Spring, showing rows of cording or broad tucks, dainty Swiss Embroidered Vestee, or collar and cuffs of Georgette Crepe in contrasting color.

Obtainable in Copenhagen, Taupe, Navy and Black. Sizes 14 to 18 years.

A Clearance of Misses' Coats

Today affords substantial savings from regular prices

Coats formerly \$22.50.....Now \$12.95
Coats formerly \$25.00.....Now \$14.75
Coats formerly \$29.50.....Now \$19.75
Coats formerly \$36.00.....Now \$23.75
Coats formerly \$40.00.....Now \$29.50
Coats formerly \$45.00.....Now \$35.00
Coats formerly \$50.00.....Now \$39.50
Coats formerly \$60.00 and \$75.00..Now \$45.00

Second Floor.

Splendid Selection in Styles and Sizes Are Offered Today in an Important Clearance of Women's Suits

Formerly \$39.50 to \$59

At \$29.50 and \$36

These suits are in the very fashionable Box Coat, Belted and Straight Line styles, superbly tailored in Velour, Broadcloth, Velour Checks, Duvet de Laine, and Velvetene, elaborately fur trimmed or strictly tailored.

Fourth Floor.

Smart All Wool Plaid Skirts Today at \$14.75

The newest skirts created for Spring—at a price much below their actual worth. Side or Box Plaited, and Tailored Sports models, with entirely new belt and pocket features. Waistbands 25 to 36 inches.

Fourth Floor.

Fashion's Newest Blouses Offered Today, Saturday Special at \$5

In their wonderful styling and exquisite needlework they are comparable only to Blouses usually shown at much higher cost. The styles are in dainty Frilled, Collarless, beautiful Beaded and Braided effects—showing the most charming style notes for Spring, as seen in leading Paris Shops. They come in:

Artillery Red, Soldier Blue, Bisque, Sunset, Canary, New Green, Peach, Rose, Flesh, White and the New Suit Shades

Saks & Company

Broadway at 34th St. "In the Heart of New York"—Direct by Subway, Tube and "L"

Limited to Saturday Only

Girls' Pussy Willow Taffeta Frocks as Pictured At \$12.95

An exclusive Spring model, real girlish in line and beautifully made.

Bodice is in Coatee effect, and cuffs and pockets are elaborately embroidered in contrasting colors.

Obtainable in Rose, Copenhagen, Blue, Navy and Foulard patterns. Sizes 8 to 16 years.

Girls' Serge Sailor Dresses Saturday at \$5.95

Unequaled! Made of durable Navy Blue Serge with Braid trimmed sailor collar and cuffs. Finished with Silk tie and leather belt. Sizes 6 to 14 years.

Also—Practical Fur-Trimmed Coats for Girls. Special, \$14.75

Smart tailored models, in a large variety of the most wanted materials. Sizes 6 to 16 years.

Women's Waterproof Rubberized Raincoats Special at \$7.50

No woman should be without one. Single and double-breasted styles, made of Cantonette—a Rubberized fabric that sheds water like a duck. Tan, Taupe, Black and Navy. Sizes 34 to 46.

Fourth Floor.

Ultra-Smart Serge Frocks for Women of a highly individual type

Saturday at \$18.50

Charming All-Wool Serge Frocks in the new Spring silhouette, with tunic skirts or straight of line, beautifully embroidered back and front.

Also—new coat-effect dresses for larger women, trimmed with Flat Hercules Braid.

Obtainable in Navy Blue, or Black. Sizes 34 to 44. Two styles pictured.

Fourth Floor.

For One Day Only! Diamond & Sapphire Rings at \$22.50

Illustrated Regularly \$35. Exquisite Filigree Gold Ring, with square or oval Sapphire and six diamonds set in Platinum.

None Like Them—Men's Blanket Robes At \$4.95

—which is about their wholesale cost today

Made in soft, fleecy, Beacon Blanket Cloth, in popular Robe model, buttoning to neck. Trimmed with varied-colored cord to match, and obtainable in a wide variety of patterns. All sizes.

Fifth Floor.

The New Shetland and Zephyr Wool Sweaters

for women now on display on the Third Floor. Some are in quaint Dutch effects, others have smart sailor collars, and there is also a splendid assortment of military styles, belted or with laced fronts. Priced very reasonably

From \$3.95 to \$7.50

Colors: Soldier Blue, Rookie, Turquoise, Buff, Navy Blue, and Black. One Illustrated.

Third Floor.

