

RAILROADS OF U. S. ARE TO BE RUN BY WILLIAM G. M'ADOO

President Wilson Issues Proclamation Taking Over Operation of Carriers for Period of War. OWNERS WILL BE PROTECTED

William G. McAdoo, Secretary of the Treasury, Named as the Man Who Will Be Dictator.

(Continued From Page One.)

To solve the passenger question. Travel has increased to such an extent that all trains are about double the size they were a year ago, and in many instances are running as many as five sections. The result has been that equipment urgently needed for freight has been used for the passenger trains.

Wages May Also Advance. President Wilson has the power to take the applications pending before the interstate commerce commission away from that body and, if it is decided that wages of workers are to be advanced, as is expected, it is considered almost certain he will sanction at least the 15 per cent rate increase which the roads all asked. Indicating that the interstate commerce commission will do everything possible to assist Director McAdoo, commissioners Woolley and Anderson visited Secretary McAdoo this afternoon. They said that they had come there to assure the secretary that they were prepared to aid him in any way and to "receive their orders."

Reports that among the reforms that Secretary McAdoo might adopt was general reduction of the enormous salaries paid to certain executives of the big roads were current in railway circles and at the treasury department. However, this was a matter that depended entirely on circumstances, it was said. Where salaries were paid that were out of proportion to the work performed it was likely they would be cut. But where men were paid fancy salaries because they were men doing admittedly great work they will not be interfered with.

President Wilson, Wednesday night, issued a proclamation taking over operation of the railroads of the country for the period of the war.

At the same time he announced the appointment of William McAdoo, secretary of the treasury, as railroad dictator. Government operation of the roads under the proclamation will start at noon, Monday.

Immediately after the congress reconvenes January 3, the president will go before that body and seek legislation to enable the government to guarantee the interests of security holders in the roads and to carry out all improvements and betterments during the period of government operation.

Will Retain Cabinet Place. Mr. McAdoo will retain his office as secretary of the treasury. The following statement explaining his position was issued by the president:

"I have exercised the powers over the transportation systems of the country which are granted me by the act of congress of August, 1916, because it has become imperatively necessary for me to do so.

"This is a war of resources no less than of men, perhaps even more than of men, and it is necessary for the complete mobilization of our resources that the transportation systems of the country should be organized and employed under a single authority and a simplified method of coordination which have not proved possible under private management and control.

"The committee of railway executives who have been cooperating with the government in this all-important matter have done the utmost that was possible for them to do; have done it with patriotic zeal and with great ability, but there were difficulties that they could neither escape nor neutralize.

"Complete unity of administration in the present circumstances involves an occasion and at many points a serious

dislocation of earnings, and the committee was, of course, without power or authority to rearrange charges or effect proper compensations and adjustments of earnings. Several roads which were willingly and with admirable spirit accepting the orders of the committee have already suffered from these circumstances and should not be required to suffer further. In mere fairness to them the full authority of the government must be substituted.

"The government itself will thereby gain an immense increase of efficiency in the conduct of the war and of the innumerable activities upon which its successful conduct depends.

Public Interest Comes First. "The public interest must be first served, and, in addition, the financial interests of the government and the financial interests of the railroads must be brought under a common direction. The financial operations of the railroads need not, then, interfere with the borrowings of the government and their themselves can be conducted at a greater advantage.

"Investors in railway securities may be reassured that the rights of bondholders will be as scrupulously looked after by the government as they could be by the directors of the several railway systems. Immediately upon the reassignment of the roads, the government will see that definite guarantees be given:

"First—Of course, that the railroad properties will be maintained during the period of federal control in as good a pair and complete equipment as when then over by the government, and

"Second—That the roads shall receive a net operating income, equal in each case to the average income of the three years preceding June 30, 1917, and I am entirely confident that the congress will be disposed in this case, as in others, to see that justice is done and full security assured to the owners and creditors of the great systems which the government must now use under its own direction or else suffer serious embarrassments.

McAdoo to Be in Charge. "The secretary of war and I are agreed that, all the circumstances being taken into consideration, the best results can be obtained under the immediate executive administration of the Hon. William G. McAdoo, whose practical experience peculiarly fits him for the service and whose authority as secretary of the treasury will enable him to coordinate the various interests which will be involved and which might, unless systematically directed, suffer very embarrassing entanglements.

"The government of the United States is the only great government now engaged in the war which has not already assumed control of this sort. It is my duty to recognize that fact in all candor now that it is demonstrated and to use without reserve the great authority reposed in me.

"A national necessity dictated the action, and I was therefore not at liberty to abstain from it."

Text of the Proclamation itself follows:

Whereas, the congress of the United States in the exercise of the constitutional authority vested in them by joint resolution of the senate and house of representatives in and bearing date of April 6, 1917, resolved:

"That the state of war between the United States and the imperial German government which has thus been thrust upon the United States is hereby formally declared; and that the president be and he is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the government to carry on war against the imperial German government and to bring the conflict to a successful termination, all the resources of the country are hereby pledged by the congress of the United States.

State of War Declared. "And by joint resolution bearing date of December 7, 1917, resolved:

"That a state of war is hereby declared to exist between the United States of America and the imperial and royal Austro-Hungarian government, and that the president be and he is hereby authorized and directed to employ the entire naval and military

Meats Lower. The Little Wholesale Butcher—"Retail at Wholesale Prices."

Boiling beef, lb., 8c; pot roast, lb., 10c; round steak, lb., 15c; T-bones, lb., 15c; porthouse steak, lb., 15c; sirloin, lb., 15c; prime ribs, lb., 12 1/2c; corn beef, lb., 12 1/2c; roast veal, lb., 15c; veal stew, lb., 12 1/2c; dry salt pork, lb., 20c; roast, lb., 24c; bologna, lb., 15c; frankfurters, lb., 15c; liver, lb., 10c. Fairchild's, 224-226 Yamhill, between 1st and 2d—Adv.

forces of the United States and the resources of the government to carry on war against the imperial and royal Austro-Hungarian government, and to bring the conflict to a successful termination, all the resources of the country are hereby pledged by the congress of the United States.

"And whereas it is provided by section 1 of the act approved August 29, 1916, entitled 'An act making applications for the support of the army for the fiscal year ending June 30, 1917, and for other purposes,' as follows:

"The president in time of war, is empowered, through the secretary of war to take possession and assume control of any system or systems of transportation or any part thereof as far as may be necessary to the exclusion as far as may be necessary of all other traffic thereon, for the transfer or transportation of troops, war material and equipment or for such other purposes connected with the emergency as may be needed or desirable.

"And whereas, it has now become necessary in the national defense to take possession and assume control of certain systems of transportation and to utilize the same to the exclusion as far as may be necessary of other than war traffic thereon, the transportation of troops, war material and equipment thereof and for other needful and desirable purposes connected with the prosecution of the war.

Takes Possession Friday. "Now, therefore, I, Woodrow Wilson, president of the United States, under and by virtue of the powers vested in me by the foregoing resolutions and statutes and by virtue of all other powers thereunto enabling, do hereby through Newton D. Baker, secretary of war, take possession and assume control at 12 o'clock noon on the twenty-eighth day of December, 1917, of such and every system of transportation and the appurtenances thereof locally, wholly or in part, within the boundaries of the continental United States and consisting of railroads and owned or controlled systems of coastwise and inland transportation, engaged in general transportation whether operated by steam or by electrical power, including also terminals, terminal companies and terminal associations, sleeping and parlor cars, private cars and private car lines, elevators, warehouses, telegraph and telephone lines and all other equipment and appurtenances commonly based upon or operated as a part of such rail or combined rail and water systems of transportation, to the end that such systems of transportation be utilized for the transfer and transportation of troops, war material and equipment to the exclusion so far as may be necessary of all other traffic thereon, and that so far as such exclusive use be not necessary or desirable, such systems of transportation be operated and utilized in the performance of such other services as the national interest may require and of the usual and ordinary business and duties of common carriers.

William G. McAdoo in Charge. "It is hereby directed that the possession, control, operation and utilization of such transportation systems hereby by and through William G. McAdoo, who is hereby appointed and designated director general of railroads. Said director may perform the duties imposed on him so long and to such extent as he shall determine.

"Nothing herein shall be construed as now affecting the possession, operation and control of street electric passenger railroads, including railroads commonly called interurbans, whether such railroads be or be not owned or controlled by such railroad companies

through the boards of directors, receivers, officers and employees of said systems. By subsequent order and proclamation, control or operation may be taken of all or any part of such street railway systems, subways and tunnels and by subsequent order or proclamation possession or control and operation, in whole or in part, may also be relinquished to the owners thereof, or any part of the railroad systems of rail and water systems, possession and control of which are hereby assumed.

Reasonable Compensation Promised. "The director shall, as soon as may be, after having assumed such possession and control, enter upon negotiations with the several companies looking to agreements for just and reasonable compensation for the possession, use and control of their respective properties on the basis of an annual guaranteed compensation, above accruing depreciation and the maintenance of their properties, equivalent as nearly as may be, to the average of the net operating income thereof for the three year period ending June 30, 1917, the results of such negotiations to be reported to me for such action as may be appropriate and lawful.

"But nothing herein contained, expressed or implied, or hereafter done or suffered hereunder, shall be deemed in any way to impair the rights of the stockholders, bond holders, creditors, and other persons having interests in said systems of transportation or in the profits thereof, to receive just and adequate compensation for the use and control and operation of their property hereby assumed.

Dividends May Be Paid. "Regular dividends hitherto declared and maturing interest upon bonds, debentures and other obligations, may be paid in due course, and such regular dividends and interest may continue to be paid and unless the said director shall from time to time otherwise by general or special orders determine and subject to the approval of the director the various carriers may agree upon and arrange for the renewal and extension of maturing obligations.

"Except with the prior written assent of the director, no attachment by means of process or on execution shall be levied on or against any of the property used by any of said transportation systems in the conduct of their business as common carriers, but suits may be brought by and against said carriers and judgments rendered as hitherto until and except so far as said director may, by general or special orders, otherwise determine.

"From and after 12 o'clock on, said twenty-eighth day of December, 1917, all transportation systems included in

this order and proclamation shall conclusively be deemed within the possession and control of said director without further act or notice. But for the purpose of accounting said possession and control shall date from 12 o'clock midnight on December 31, 1917."

Western Board Cooperates. "The western department of the railroad war board will cooperate at all times with Secretary McAdoo in the discharge of his new duties as director of American railways under the president's proclamation taking over the roads for the government, officials stated today.

The western board is composed of William Sproule, president of the Southern Pacific, chairman; J. D. Farrell, Portland, president of the O.-W. R. & N.; Judge E. S. Lovett, chairman of the Union Pacific directors, and E. P. Ripley, president of the Santa Fe.

Cooperation Is Assured. "Chicago, Dec. 27.—(U. P.)—President Wilson's action in taking over control of the railroads is fair and just and will meet with the hearty cooperation of Chicago railroad officials, according to opinions expressed here today by Richard H. Alston,

president of the Chicago & North Western; Hale Holden, president of the Chicago, Burlington & Quincy; D. J. Bush, vice president of the Chicago, Milwaukee & St. Paul; W. L. Park, vice president of the Illinois Central; Marvin Huggitt, chairman Chicago & Northwestern, and others.

Ready to Be Duly, Says Sproule. "San Francisco, Dec. 27.—(U. P.)—"Railroad men are ready to do their duty under any plan or policy that may be determined on to achieve the purpose of the nation in this time of war," said William Sproule, president of the Southern Pacific railroad, in a statement today.

Jan. 6 to Be Day of Prayer for Allies. "London, Dec. 27.—(I. N. S.)—King George has set January 6 as a day of national prayer for the success of the allied cause. The recommendation is made that all places of public entertainment be closed on that date. A great revival meeting will be held in Albert hall.

ALL CHARGE PURCHASES MADE TOMORROW AND BALANCE OF MONTH GO ON JANUARY BILLS PAYABLE FEBRUARY FIRST

Sipman Wolfe & Co Merchandise of Merit Only. -New shipment of khaki and grey knitting worsteds... Just in. -Fifth Floor.

Friday and Saturday—Every Child's HAT In Our Stock 75c REDUCED. -Hats for misses and hats for children at the most extraordinary reductions! Every hat in our entire stocks for younger girls is included in this great sale! -Hats of every description for girls from 8 to 14 years old! Dress hats—street hats, school hats and rainy day hats—all divided for quick disposal into three big groups!

Economy Basement Store. "WHERE YOU SPEND THE LEAST AND GET THE MOST FOR IT" SPECIAL SALE SILKS. All are Greatly Reduced Some About Half Price. 69c Yd. -Broken lines of silks greatly reduced for this Friday sale! Silks for dresses, waists and trimmings. Included are: 32-inch TUB SILKS 24-26-inch FANCIES 22-24-inch TRIMMING SILKS 26-inch SATINS 35-inch SATIN STRIPES—FANCIES Economy Basement, Lipman, Wolfe & Co.

300 Smart, Splendid Winter Coats REDUCED And Placed in 7 Lots. -This is a remarkable opportunity if you're looking for a smart, new style Coat at a remarkably low price! -Every one is this season's model—in the most approved style and material. Such desirable fabrics as PLUSH, VELOUR, TWEEDS, MIXTURES, CHEVIOTS and RAIN MATERIALS. -All are wonderfully reduced—and divided into these seven groups—

NADIA Corsets Very Special \$1.49. -These popular corsets in low bust model with medium hips and back boned to allow free hip movement. Made of coutil and finished at top with embroidery. With three pairs hose supporters attached. CORSETS FOR SCHOOL GIRLS AND MISSES SPECIAL AT 59c. -Lightly boned corsets made of good coutil in medium low bust, medium hip and back style. Embroidery trimmed. Sizes 19 to 26. Economy Basement, Lipman, Wolfe & Co.

EVERY SERGE DRESS Greatly REDUCED. -Every one of our smart, practical serge dresses offered at amazingly low prices regularly—now reduced to wonderfully low prices! Lot 1—Special \$9.50 Lot 2—Special \$11.50 Lot 3—Special \$13.75

RAY BARKHURST Portland's Leading Tailor—Cor. 6th. and Stark A NEW YEAR SUGGESTION Start the New Year right, with a suit of clothes MADE-TO-ORDER Recall that hand-me-down—how it crept up in the back and wrinkled under the collar—how the lapels drooped and crimped—how the fronts broke. Only a suit made-to-your-particular-order will stand up satisfactorily. Suit or Overcoat \$26 Made as low as to Order Every suit made in my personally owned workshop, under my supervision, by expert tailors, who know how to put class and distinction into every garment. My stock of wools are the best that money could buy. A large and varied assortment of patterns to please the most particular. DRESS UP FOR THE NEW YEAR