

President Issues Proclamation Taking Over Railroads During War

The following was made public by authorization of President Wilson, December 27, 1917:

I have exercised the powers over the transportation systems of the country which were 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 co-ordination which have not proved possible under private management and control. The committee of railway executives who have been co-operating with the government in this all-important matter have done the utmost that it 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 upon occasion and at many points a serious dislocation of earnings, and the committee was, of course, without power or authority to re-arrange charges or effect proper compensations and adjustments of earnings. Several roads which were willingly and with admirable public 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 INTERESTS FIRST SERVED

The public interests must be first served and, in addition, the financial interests of the government and the financial interests of the railways must be brought under a common direction. The financial operations of the railways need not then interfere with the borrowings of the government, and they themselves can be conducted at a greater advantage. Investors in railway securities may rest assured that their rights and interests will be as scrupulously looked after by the government as they could be by the directors of the several railways systems. Immediately upon the re-assembling of congress I shall recommend that these definite guarantees be given: First, of course, that the railway properties will be maintained during the period of federal control in as-good repair and as complete equipment as when taken over by the government, and, second, that the roads shall receive a net operating income equal in each case to the average net 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 embarrassment.

SELECTION OF MR. McADOO

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 direction 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 co-ordinate as no other man could the many financial 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 was thought to be in the spirit of American institutions to attempt to do everything that was necessary through private management, and if zeal and ability and patriotic motive could have accomplished the necessary unification of administration it would certainly have been accomplished, but no zeal or ability could overcome insuperable obstacles, and I have deemed

PRESIDENT ADDRESSES CONGRESS

A Washington dispatch, dated Jan. 4, says: "All private interests must for the present give way to the public necessity."

That was the dominant note of President Wilson's address this afternoon to congress, recommending legislation to carry out the control already assumed by the government over the railroads. But he stipulated that full protection must be accorded to railroad creditors and owners — bondholders and stockholders — and that the interest of the shipper be safeguarded.

Immediately after the address Senator Smith of South Carolina and Representative Sims of Tennessee, heads of the two commerce committees, introduced in duplicate the administration bill framed on Mr. Wilson's suggestions. The measure provides for a "revolving fund" of \$500,000,000 to meet governmental obligations as controller of the lines; authorizes compensation to the roads on the basis of their average earnings for the last three years, and sets up machinery for the adjustment of any claims they may find against the government. Congressional leaders forecast speedy passage of the bill.

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

WOODROW WILSON.

THE PRESIDENT'S PROCLAMATION

By the President of the United States of America. A proclamation:

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, bearing date April 6, 1917, resolved:

That the state of war between the United States and the imperial German government which has 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 of the resources of the country are hereby pledged by the congress of the United States.

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 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 appropriations 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, and to utilize the same to the exclusion, as far as may be necessary, of all other traffic thereon for the transfer or transportation of troops, war ma-

terial, and equipment, or for such other purposes connected with the emergency as may be needful 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 for the transportation of troops, war material, and equipment therefor, and for other needful and desirable purposes connected with the prosecution of the war;

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 statute, and by virtue of all other powers thereto me 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 each and every system of transportation and the appurtenances thereof located 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 electric 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 used 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.

It is hereby directed that the possession, control, operation and utilization of such transportation systems hereby by me undertaken shall be exercised by and through Wm. G. McAdoo, who is hereby appointed and designated Director General of Railroads. Said director may perform the duties imposed upon him, so long and to such extent as he shall determine, through the boards of directors, receivers, officers, and employees of said systems of transportation. Until and except so far as said director shall from time to time by general or special orders otherwise provide, the boards of directors, receivers, officers, and employees of the various transportation systems shall continue the operation thereof in the usual and ordinary course of the business of common carriers, in the names of their respective companies.

Until and except so far as said director shall from time to time otherwise by general or special orders determine, such systems of transportation shall remain subject to all existing statutes and orders of the interstate commerce commission, and to all statutes and orders of regulating commissions of the various states in which said systems or any part thereof may be situated. But any orders, general or special, hereafter made by said director shall have paramount authority and be obeyed as such.

Nothing herein shall be construed as now affecting the possession, operation, and control of street electric passenger railways, including railways commonly called interurbans, whether such railways be or be not owned or controlled by such railroad companies or systems. By subsequent order and proclamation, if and when it shall be found necessary or desirable, possession, control, or operation may be taken of all or any part of such street railway systems, including subways and tunnels; and by subsequent order and proclamation possession, control, and operation in whole or in part may also be relinquished to the owners thereof of any part of the railroad systems or rail and water systems, possession and control of which are hereby assumed.

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

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