



GERMAN DUPLICITY BLOCKS RUSS PEACE; PRESIDENT TELLS HIS RAILROAD PLAN

NEW RAIL BILL FIXES PAY TO THE OWNERS

Stockholders to Receive Compensation at the Rate of the Average Net Earnings for Last Three Years.

Washington, Jan. 4.—The administration bill for government operation of railroads proposes that the government shall pay compensation at an annual rate as near as possible to the net operating income for the three years ended June 30, 1917.

The bill also would appropriate \$500,000,000 to be used as a "revolving fund" with the excess earnings of the roads for the operation of the law.

The bill is entitled "A Bill to Provide for Operation of Transportation Systems Which Under Federal Control, for the Just Compensation of Their Owners and for Other Purposes."

While the president in his address laid stress on the importance of properly preserving the properties for their return, the administration bill specifically provides that government control shall obtain throughout the war and "until congress shall thereafter order otherwise."

Many government officials and railroad men made no concealment of their belief that the railroads never would return to private hands.

Just Compensation.

Section 1 provides that the president is authorized to agree with and guarantee to the roads that during the federal control they shall receive as just compensation an income at an annual rate equivalent as nearly as may be to the roads' average net railway operating income for the three years ending June 30, 1917. This bill officially calls the standard return. This section provides that the net railway operating income is to be computed from returns to the Interstate Commerce commission, excluding debits and credits, arriving from the accounts which are called in the monthly interstate commerce returns, "less road rents and miscellaneous rents."

No Excess Taxes.

No federal taxes in excess of taxes assessed during the year ended June 30, 1917, are to be charged against the revenue in computing the standard return. Any net railway operating income in excess of the standard return is to be the property of the United States. The amount of the standard return accruing during the three-year period is to be determined by the Interstate Commerce commission, whose certificate as to the amount is to be taken as final and conclusive for the purpose of the agreement and guaranty.

Up to President.

Section 2 provides that if no such agreement is made with a road, the president may, nevertheless, pay or cause to be paid to any railroad while under federal control not exceeding 90 per cent of the standard return. Under this section the legal rights of the railroad for prosecution of its claim for the balance before the court of claims is provided for, and any amount found due but which interest at 6 per cent a year and any excess amount paid by the government will be recoverable by the government with 6 per cent interest.

Submit Claims to Board.

Section 3 provides that any claim for just compensation which is not adjusted under the terms provided in section 1 will be submitted to a board of three auditors appointed by the Interstate Commerce commission, whose members and official force will be eligible for that service without any additional compensation. These auditors will give a full hearing to the road and to the government and will report to the president the amount due the road as just compensation. A sum not exceeding the amount so reported may be agreed upon by the president and the road. Failing this agreement, either the federal government or the road may file a petition in the court of claims for final ascertainment of the (Continued on Page Seven, Column Two.)

U. S. CONTROL IMPERATIVE; TO PAY FAIR COMPENSATION

Asks Legislation Authorizing Proper Maintenance and Reasonable Bet-terment While Under Federal Operation.

Washington, Jan. 4.—President Wilson today laid before congress, assembled in joint session, his recommendations for carrying out government operation of railroads.

To provide for proper maintenance of the roads and their return to owners in the same order as the government takes them over the president recommended legislation to authorize their upkeep and betterment during the period of federal operation. Legislation to this effect is all contained in the administration bills which would appropriate a \$500,000,000 fund for government operation.

Bills to carry out the president's ideas already had been prepared under the supervision of the Department of Justice and were immediately introduced with plans for prompt consideration in both house and senate.

The president spoke as follows:

"Gentlemen of the Congress: I have asked the privilege of addressing you in order to report that on the 28th of December last, during the recess of congress, acting through the secretary of war and under the authority conferred upon me by the act of congress approved August 29, 1916, I took possession and assumed control of the railway lines of the country and the systems of water transportation under their control.

"This step seemed to be imperatively necessary in the interest of the public welfare, in the presence of the great tasks of war with which we are now dealing.

"As our experience develops difficulties and makes it clear that they are I have deemed it my duty to move those difficulties wherever I have the legal power to do so.

ASSUMES GRAVE RESPONSIBILITY.

"To assume control of the vast railway systems of the country is, I realize, a very heavy responsibility, but to fail to do so in the existing circumstances would have been much greater. I assumed the less responsibility rather than the weightier.

"I am sure that I am speaking the mind of all thoughtful Americans when I say that it is our duty

as the representatives of the nation to do everything that it is necessary to do to secure their complete mobilization of the whole resources of America by as rapid and effective a means as can be found. Transportation supplies all the arteries of mobilization. Unless it be under a single and unified direction the whole process of the nation's action is embarrassed.

"It was in the true spirit of America, and it is right, that we should first try to effect the necessary unification under the voluntary action of those who were in charge of the great railway properties and we did try it. The directors of the railways responded to the need promptly and generously.

"The group of railway executives who were charged with the task of actual co-ordination and general direction performed their task with patriotic zeal and marked ability, as was to have been expected, and did, I believe, everything that it was possible for them to do in the circumstances. If I had taken the task out of their hands it has not been because of any dereliction or failure on their part, but only because there were some things which the government can do and present management cannot. We shall continue to value most highly the advice and assistance of these gentlemen and I am sure we shall not find them withholding it.

GOVERNMENT CONTROL IMPERATIVE.

"It had become unmistakably plain that only under government administration can the entire equipment of the several systems of transportation be fully and unreservedly thrown into common service without injurious discrimination against particular properties. Only under government administration can an absolutely unrestricted and unembarrassed common use be made of all tracks, terminals, terminal facilities and equipment of every kind. Only under that authority can new terminals be constructed and developed without regard to the requirements or limitations of particular roads. But under government administration all these things will be possible—not instantly, but as fast as practical difficulties, which cannot be merely conjured away, give way before the new management.

"The common administration will be carried out with as little disturbance of the present operating organizations and personnel of the railways as possible. Nothing will be altered or disturbed which it is not necessary to disturb. We are serving the public interest and safeguarding the public safety, but we are also regardful of the interest of those by whom these great properties are owned and glad to avail ourselves of the experience and trained ability of those who have been managing them.

(Continued on Page Seven, Column One.)

DELUXE TRAINS WILL BE TABOO; MANAGERS MEET

Service Will Not Be Impaired is Opinion of General Managers in Secret Session.

"While some of the frills are likely to be eliminated, the public may rest assured that nothing is going to be done by Mr. McAdoo, or the railroad officials working in conjunction with him, that will seriously impair the railroad passenger service of the country."

The foregoing is the assertion of General Manager Walters of the Northwestern after returning from a meeting of general managers of the central division of the Railroad Passenger association, held in Chicago.

When Mr. Walters left Chicago Thursday night the meetings were still in session and will probably continue until Saturday. The action of the general managers is subject to the approval of a special committee on national defense. If this committee approves the action of the general managers relative to passenger train service rearrangements of schedules will be worked out in time that the changes on the railroads of the country will become effective Sunday, January 13.

Agree Not to Talk.

According to Mr. Walters, the deliberations of the general managers of the railroads were secret to a certain extent. In addition, there was a sort of gentlemen's agreement that those in attendance would not divulge the details of the action taken.

However, it is learned from other sources that are regarded reliable that the ax is to be applied vigorously to some of the train service, particularly east of Chicago. Regarding this Mr. Walters refused to talk.

It is said to be a fact that all special service will be eliminated from the eastern roads. The fast bonus trains are to become a thing of the past, at least during the continuance of the war, and where two trains are operated, if one can handle the business, the other will come off. This will apply not only to one road, but to all. There will be a discontinuance of the running of all parlor, lounge, observation and library cars. However, equipment first class for the convenience and comfort of the public will be used.

West Not Affected.

West of Chicago, and especially in Missouri river territory, the cut in equipment and train service will not be so deep as on the eastern lines, due to the fact that heretofore the roads have eliminated considerable of the de luxe equipment and have reduced the number of trains to practically the actual necessities. Still there are likely to be a number of trains laid off between Omaha and Chicago, Omaha and St. Louis and Omaha and Kansas City.

West of the river there will be a rearrangement of train schedules to conform with the schedules farther east.

There is the remotest possibility that some of the through trains from Chicago to the Pacific coast may be taken off. If so they will come off all roads, that each line may be placed on an equal footing with every other line.

So far as the service on the Nebraska roads is concerned, it is said that there will not be any reduction. The claim is that on every road operating in Nebraska every train now operated is carrying to capacity and any impairing of the service would work a serious inconvenience to the public, something that the railroad men and the members of the railroad war board desire to avoid.

ALLIES MAY YET RECOGNIZE LENINE REGIME IN RUSSIA AS DE FACTO GOVERNMENT

German Duplicity Has Roused Bolsheviki, Who Threaten Renewal of War; Trotzky Offers to Withdraw Russian Troops from Persia; Kerensky Will Report to Constituent Assembly.

London, Jan. 4.—The recognition of the Lenine government in Russia by the entente allies is probable owing to the developments in the Russo-German negotiations, according to the Daily Chronicle.

CENTRAL POWERS PERTURBED OVER RUSS ATTITUDE

Chancellor Von Hertling III and Will Probably Be Replaced by Prince Von Buelow.

(By Associated Press.)

Reports that the German and Austrian emperors and their military and political advisers are much perturbed over the Russian attitude are followed by one that Count von Hertling, the German imperial chancellor, is ill.

Berlin political circles have a rumor that Von Hertling, who is 74 years old, is to be ousted in favor of Prince von Buelow, the former chancellor, who is very close to the German crown prince.

Continue Conference.

Unless there is a change in original plans, the emissaries of Russia and the central powers will meet today to continue their discussion of terms which the Bolsheviki have declared are unacceptable. Russia's delegates have proposed that the conference meet in Stockholm, which, if agreed to by the Germans, will make for delay.

Russ Have Plans.

A news dispatch received in London says the Russians have made counter proposals to the Germans. It is added that they will be discussed at the next meeting at Brest-Litovsk on Saturday, which would indicate the Russians have not persisted in their demand that future meetings be held on neutral soil. The new Russian proposals call for complete evacuation of occupied territory pending a referendum on self-determination.

Meanwhile the question of the constituent assembly still bothers the Bolsheviki and demands are made that it be called at once. The government of the Ukraine has sent to the Bolsheviki a demand that it withdraw its troops from the Ukraine and decide whether or not it is at war with that government.

Assembly to Meet Jan. 18.

Petrograd, Thursday, Jan. 3.—The Bolsheviki have fixed the opening of the constituent assembly for January 18, provided a quorum of 400 members is then present.

President Holds Conference With Water Power Leaders

Washington, Jan. 4.—President Wilson has summoned some of the house leaders interested in water power legislation to a conference at the White House tonight with a view to expeditious action on some measure that will reconcile all differences.

The statement apparently is based on a contribution "by a diplomatic correspondent" which is printed beneath it. The writer says that owing to the Bolsheviki discovery of German duplicity anything may happen.

THREE ALTERNATIVES.

"There are," he says, "three alternatives. The Bolsheviki may give way, the Germans may give way, or there will be a rupture of relations. The first is hardly likely in view of Foreign Minister Trotzky's declaration. The second is possible, for the Germans are past masters in the art of specious compromise. But the third is most probable, since the Bolsheviki have exhibited a perspicacity which was hardly expected in this country.

Defensive War.

"Russia, the land of boundless surprises, may quite possibly witness a revival of war, if not in the most active form, it might at least be a sullenly defensive war, necessitating the keeping on the frontier of a considerable German force. It would at least prevent those pleasant and profitable commercial exchanges which Germany hopes for.

"Assuming such a situation and the consolidation of Bolsheviki power, provided failure to extract a peace does not wreck the Lenine regime, then recognition of that power as the de facto government follows. Since that is so a socialist would be the logical representative of that government and Maxim Litvinoff, who has been appointed, is a likely enough occupant of the embassy."

Strengthen Allies Cause.

Referring to the retirement of Sir George W. Buchanan, the British ambassador to Russia, whose services are praised highly, the writer says: "In his place probably would be sent a diplomat in marked sympathy with the ideas of revolutionary Russia."

"Be that as it may, we expect shortly some new statement of policy with regard to Russia which, should it lean toward the latest developments and democracy, would undoubtedly strengthen the allied cause in Russia."

Offer to Persia.

The Bolsheviki foreign minister, Leon Trotzky, is said by the Petrograd correspondent of the Exchange Telegraph company to have sent a communication to the Persian government offering to begin negotiations for the withdrawal of Russian troops from Persian territory, provided Turkey will withdraw its forces.

The Russian commissioners, the correspondent says, have decided to negotiate with the government of Ukraine on the basis of recognition of the Ukrainian republic, provided it does not hinder military operations against General Kaledines, the Cossack leader. It is suggested that these negotiations be held at Smolensk or Vitebsk.

Kerensky Makes Statement.

According to the same correspondent, M. Kerensky, the deposed premier, has prepared an account of his services during the period of the first revolution, which will be presented to the constituent assembly. It includes full details of conditions at the front during the June offensive and the reasons why M. Kerensky decided to remove former Emperor Nicholas to Siberia.

In the archives of the Russian foreign office there have been discovered documents of unusual interest dealing with negotiations between Germany and the imperial Russian government in regard to a national convention to combat socialism. Other curious documents relating to the origin of the war throw light on certain aspects of German policy. These papers will be published as soon as they have been classified.

Commission Works Slowly.

Petrograd, Thursday, Jan. 3.—The work of the commission which is dealing with prisoners is proceeding slowly. The Russian delegates claimed the right to send any publications they desired to Russian prisoners in Germany and to socialists in the central empires. They also demanded unrestricted direct telegraphic communication with representatives of the socialist parties in the enemy countries. The German delegates replied they were unauthorized to make an agreement on this point.

Germany Posed as Conqueror.

Disclosure of details of the Brest-Litovsk peace negotiations make it clear that Germany assumed a dominating attitude, while Austria, Bulgaria and Turkey were very conciliatory and disagreed with the German position.

There were differences also among the German delegates during the general meetings. Foreign Minister von Kuehlmann and General Hoffmann clashing openly. Germany posed constantly as a conqueror, while her three allies showed eagerness for peace and a disposition to compromise.

BIG LOSS BY FIRE IN BARRED ZONE AT HOBOKEN, N. Y.

Six-Story Building Destroyed and Part of Water Front Threatened; Piers Saved.

(By Associated Press.)

Hoboken, N. J., Jan. 4.—Fire which threatened part of the water front, which is within government control, started today. The blaze was discovered in a six-story building occupied by the Gatti-McQuade company, mill supplies manufacturers, in the barred zone. That structure seemed doomed and the flames spread to adjoining buildings.

Soldiers on Guard.

Firemen, United States soldiers and civilians, aided by New York fire boats and railroad tugs, brought the stubborn blaze under control after a fight of several hours. Owing to the cold weather the water pressure was poor.

Paper stock estimated to be worth \$100,000 was destroyed in the Gatti-McQuade building, their entire property loss being estimated at \$250,000. Numerous small fires, caused by sparks carried by a 40-mile wind, were checked.

New York Sends Aid.

New York, Jan. 4.—Representatives of the War department have asked Fire Chief Kenlon of New York to send fire apparatus to fight flames in an army storage house at Hoboken. Chief Kenlon dispatched a fire boat to Hoboken. The Delaware, Lackawanna & Western railway also sent three fire-fighting tugs from this city.

Another Blaze Starts.

An urgent call for aid in fighting a fire in a building where army supplies are stored at West New York, N. J., on the Hudson (which is part of Hoboken), was received by the police department today from United States authorities. A police fireboat was dispatched to West New York.

The scene of this blaze is several miles north of that of the fire which destroyed the Gatti-McQuade building at Hoboken today.

British Make New Gains at Jerusalem

London, Jan. 4.—An official communication issued by the war office tonight says General Allenby, reports of further advance by a part of his line north of Jerusalem, over a distance of a mile.

OVER A MILLION IN PROFITS TO CLINCHFIELD CO.

Sold Four Ships to Government and Got Five Per Cent on Twelve More.

(By Associated Press.)

Forecasts that Russia's refractory attitude regarding the German peace terms, coupled with home objections to them, would lead the German government to put the situation before the Reichstag in some form were made good by yesterday's news of the appearance of Chancellor von Hertling before the Reichstag main committee.

The chancellor's statement concerning the clauses in the German terms which the Russians have rejected, merely declaring that the outcome of the incident might be awaited cheerfully in reliance upon Germany's strong and correct position and its "loyal intentions." He announced that the Russian proposal for the transference of the negotiations to Stockholm had been rejected.

THIRD SERIES OF OFFICERS' CAMPS OPEN SATURDAY

Washington, Jan. 4.—Preparations are complete for the opening Saturday for the third series of officers' training camps. From the non-commissioned and enlisted personnel of the regular army the national army and the National Guard there have been drawn thousands of men whose qualifications, it is thought, entitle them to advancement into the commissioned grades.

In addition, 2,500 candidates have been selected from specified schools and colleges, including military training in the curriculum.

Two Billions Asked for U. S. War Ship Program

Washington, Jan. 4.—Plans for a \$2,000,000,000 government ship building program were revealed today when the shipping board asked congress for authority to place \$701,000,000 worth of additional ship contracts. At the same time an immediate appropriation of \$82,000,000 was asked for the extension of ship yards and for providing housing facilities for workmen.

Thus far the board has authorized to spend for ship building \$1,234,000,000 for most of which have been awarded. Today's request for a further authorization and an additional appropriation brings the estimates of funds needed for ship building to \$2,016,000,000. If the additional funds are made available they will put largely into fabricated steel ship contracts, although some contracts for ordinary steel ships will be let as well as a few for wooden ships on the Pacific coast.

VON HERTLING TELLS REICHSTAG INTENTIONS GOOD

Chancellor of Germany Declares in Speech Outcome of Russ Negotiations May Be Awaited With Confidence.

(By Associated Press.)

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Members of "Unlucky" Seventh Are Tired of "Watchful Waiting"

A large number of Omahans who enlisted in the Seventh regiment are becoming restless and would enlist in the navy, but they are unable to surmount the barrier that prevents them doing so. Any number of them appeal to the navy commandant each day and ask for advice on how to sever their connection with the regiment.

One young man appeared at the navy station and candidly confessed that he was afflicted with the "Unlucky Seventh," that he had become weary of "watchful waiting" and wished to enlist in the navy. The recruiting officer declined to accede to his request on the grounds that no

person who was in any other branch of the service could enlist.

"Well," asked the bold trooper, "won't you wire to Governor Neville and ask him to discharge me?"

"Nothing doing," was the retort. "Governor Neville told us one day over the telephone that we were waiting government money when we called him up and asked that certain men be discharged from the Seventh so they could enlist in the navy."

The young man said he had enlisted in the Seventh last September, giving up a \$90-a-month job, with the understanding that he would be called to service within a short time. He says that he was compelled to remain in Omaha at his own expense.

The Weather

Hourly Temperatures.

Table with 2 columns: Time and Temperature. Shows temperatures from 8 a.m. to 8 p.m. ranging from 42 to 52 degrees.

Comparative Local Record.

Table with 2 columns: Record and Temperature. Shows records for highest/lowest yesterday, mean temperature, precipitation, and excess/deficiency for the day and since March 1st.

L. A. WELSH, Meteorologist.

THE OMAHA BEE

The Only Paper In Omaha SHOWING A GAIN In Department Store Display Advertising For 1917

Here Are the Figures (Warfield Agency Measurements)

Table comparing advertising figures for 1916 and 1917. BEE: 70,571 vs 84,399; World-Herald: 70,024 vs 65,161; News: 58,070 vs 47,553.

Bee Gains 13,828 WORLD-HERALD LOSS 4,863 NEWS LOSS 10,517

Department Stores Know where the Results come from

KEEP YOUR EYE ON THE BEE Improving Every Day.