

CONGESTION TO BE RELIEVED IN EAST

DIRECTOR GENERAL McADOO ORDERS CONGESTION IN EAST REMOVED.

MUST NOT BE HAMPERED

Food and Coal Must Move Regardless of Priority Regulations, Passenger Schedules or Any Other Hampering Practices.

Washington—Orders went to eastern railroads from Director General McAdoo to clear up freight congestion regardless of previous government priority regulations, passenger schedules and any hampering practices under the old competitive system and to pay special attention to movement of coal and food.

Lines of the west and south were called on for locomotives and other equipment to help lighten the traffic burden in the east, and a committee of government officials was created to work out a plan for diverting export freights to ports south of New York. Quantities of coal were started to New England to relieve the serious shortage there, and priority orders were suspended for roads east of the Mississippi and north of the Ohio rivers to the extent necessary to clear up congestion.

At the same time the director general dissolved the railroad war board at its own request and named a temporary advisory cabinet of five members. One of these, Hale Holden, president of the Burlington and a member of the war board, will be retained to supervise the machinery which the war board has created with. In the last nine months to coordinate the roads of the country.

Members of Cabinet.

Other members of the new advisory cabinet are John Skelton Williams, comptroller of the currency, who will have charge of financial questions arising out of government operation; Henry Walters, chairman of the board of the Atlantic Coast Line, who will assist on operation problems; Edward Chambers, traffic director of the food administration, who will have general charge of traffic, and Walker D. Hines, assistant to the director general.

Other railway heads who made up the war board, Fairfax Harrison of the Southern, who was chairman; Rea of the Pennsylvania; Kruttschnitt, of the Southern Pacific, and Elliott, of New Haven, will return to the active supervision of their roads, but all the sub-committees and organizations of the board will be turned over to Mr. Holden.

The question of increased pay for railroad employees will be taken up soon by Mr. McAdoo, but he said he had given little thought to wages and did not know what his attitude would be. Heads of the four brotherhoods will confer with the director general Thursday at his invitation, and probably will urge that with the scarcity of railroad labor it will be necessary to pay higher wages to retain men. Many advisers of the director general advocate increasing wages, particularly for many unorganized classes.

Wage Disputes.

The federal board of mediation and conciliation will continue to pass on wage disputes now pending, but eventually the director probably will handle wage questions directly. The government's attitude toward wage changes will not be determined for several weeks at least, or until the pressing problems of speeding up transportation are threshed out.

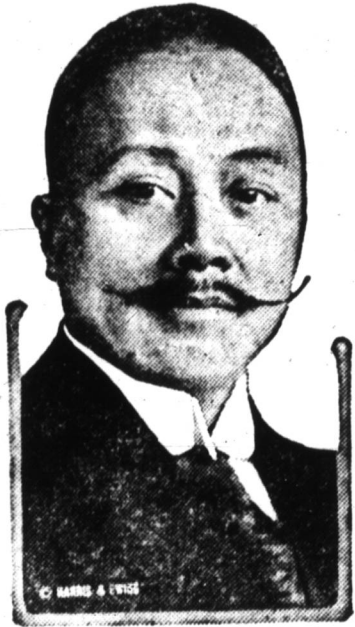
Mr. McAdoo limited his comments on the labor situation to saying that he would "treat the men with justice and equity" and would give "a just and square hearing" to the brotherhood heads.

BAKER OUTLINES WHAT NEW YEAR FINDS AT FRONT

Washington—What the beginning of the new year finds at the battle fronts is outlined by Secretary Baker in his review of military operations. In the west, he says, the British dominate the Flanders plain with a great wedge into the principal German line of defense at Cambrai, while the French, with their own lines unbroken hold the key to the Laon area through the capture of Chemin Des Dames.

Italy, supported by the allies, is holding firm, while the enemy is busy preparing for a renewed offensive. Of Russia, the review merely says the Germans are endeavoring to persuade that country that they are eager to assist in restoring normal conditions, and that the German embassy building at Petrograd is being made ready for occupancy. While the operation of American troops at the front has been confined to narrow limits, the secretary says their presence has heartened the allies and increased faith in final victory.

Head of the Chinese Mission to America



Lieut. Gen. Ting-Tsu Ching, head of the Chinese mission to the United States, is director of the Chinese ordnance department. He is studying United States fortifications.

THE CONDITIONS INSUPERABLE

TERMS FOR AN IMMEDIATE AND GENERAL PEACE MADE KNOWN BY CZERNIN.

From Entente Standpoint—No Annexations and No Indemnitities Acceptable But Russia's Allies Must Guarantee to Fulfill Terms.

Terms under which the Teutonic allies will be willing to make "an immediate and general peace" have been made known to the Russian delegates engaged in the peace pourparleys at Brest-Litovsk. The terms have been set forth in an address by Count Czernin, the Austro-Hungarian foreign minister.

As in previous Teutonic allied intimations of what will be required from the German viewpoint to bring about a cessation of hostilities and eventual peace, the latest terms are hedged about by conditions which seemingly are insuperable from the standpoint of the United States and the entente allies.

The basic principles of the peace terms of the Russian revolutionary masses—no annexations and no indemnitites—Count Czernin said he believed could be made the basis of a general peace, but that the Teutonic allies could not bind themselves to these conditions unless a guarantee were given that Russia's allies would recognize and fulfill them.

Notable omissions in the statement of Count Czernin connected with the concrete demands of the United States, Great Britain and France, as already made known, are the questions particularly of the rebuilding of Belgium and Serbia, the return of Alsace and Lorraine to France and the overthrow of the militarist government in Germany and the formation in its place of a government that can be believed—the latter demand as set forth by President Wilson in his address to Congress calling for war with Austria-Hungary.

Pending the placing of Count Czernin's proposals before Russia's allies, the Russian delegates to the peace conference have asked for a 10 days' recess in the negotiations at Brest-Litovsk.

MISPLACING OF CARS CAUSE COAL SHORTAGE

Washington.—President Wilson's decision to take over the railroads will keep the senate coal inquiry within narrower limits than originally planned. Members of the manufacturer's committee, investigating both coal and sugar, are disinclined to go into the transportation difficulties, now that they believe improvement is in sight, and in the hearing touched only Railroad shares, especially those under greatest depression in the widespread decline of recent months recorded extreme gains of 5 to ten points in the representative group, 12 to 18 points in the less active dividend issues and 3 to 13 points in numerous non-dividend stocks.

The bond market for rails kept pace with the movement on stocks, various underlying or junior issues advancing 3 to 8 1-2 points.

Industrials and the many related casually upon the lack of railroad facilities blamed for coal shortage.

BROTHERHOOD'S BEHIND GOVERNMENT'S PLANS

Washington—Heads of the four railroad brotherhoods conferred with President Wilson, discussing in detail the part the employees will play under government regulations. A. B. Garretson, of the conductors, said afterward that wage increases were not mentioned. Mr. Garretson added that the brotherhoods were behind the government operation plan, and the president had known it for two weeks.

EARTHQUAKE WIPES AWAY GUATEMALA

125,000 PERSONS ARE REPORTED IN THE STREETS WITHOUT SHELTER.

DEEP FISSURES ARE OPENED

Many Killed by Violent Shocks That Completed Work of Destruction Begun Christmas Day.

Washington.—Guatemala city, capital of the little Central American republic of Guatemala, has been laid in ruins by a series of earthquakes beginning Christmas day and culminating in violent shocks which completed the work of destruction. A cablegram to the navy department said 125,000 people were in the streets without shelter and that a number were killed by falling walls.

Naval vessels in Central American waters have been ordered to the stricken city to render all possible assistance.

Following is the brief dispatch which brought the news of the catastrophe:

"Bad earthquake finish the work of others. Everything in ruins and beyond description as a result of the shock. One hundred and twenty-five thousand people are in the streets. Parts of the country are very cold and wind. Tents are needed badly. Quite a number killed by falling walls."

The shocks probably occurred between 5:57 and 7 o'clock. Violent quakes were recorded at that time by the seismographs of the Georgetown University observatory and the distance was estimated at 1,900 miles from Washington.

INHABITANTS IN PANIC HAVE FLED FROM CAPITAL

San Salvador.—Guatemala City, capital of the republic of Guatemala, has been completely destroyed by an earthquake. Many persons were killed in the disaster, some in their homes and others in the streets.

The Colon theater, which was filled with people, collapsed. There were many casualties among the audience. Various hospitals and asylums and the prisons were badly damaged and many patients and prisoners were killed.

The railroad depot, sugar mills, postoffice, the American and British legations, United States consulate and all the churches in the city have been leveled.

The inhabitants in panic have fled from the capital. More than 80,000 persons are homeless. The stock of provisions in the city is scant and aid is required promptly.

The Salvadorean government has suspended the official New Year celebration and entered into mourning in sympathy with Guatemala.

UNNATURALIZED GERMANS ARE TO BE REGISTERED

Washington.—The week of February 4 was set aside by the department of justice for registration of the half-million unnaturalized Germans in continental United States by police and postmasters in pursuance of President Wilson's alien enemy proclamation directing this action as a means of minimizing the danger from enemy sympathizers in the United States.

Earlier plans for administering the registration will involve the gathering of detailed information concerning the business, relatives and habits of every German, together with his photograph and finger prints. After registering he must carry a certificate card and may not change his place of residence without approval of the police or postmaster. Violation of the regulations will be punishable by internment for the war.

The orders do not apply to German women, nor to any persons under 14 years of age, because these are not classed as alien enemies by law. Subjects of Austria-Hungary are not required to register.

PROVISIONAL AGREEMENT BY PEACE DELEGATES

Brest-Litovsk via Berlin and London, Dec. 30).—Provisional agreement on a series of important points, including liberation of war prisoners and resumption of commercial relations was reported by delegates of Russia and the central powers in discussion of issues which, in the event of a general peace, would have to be settled among the nations represented in the negotiations. This provisional discussion was terminated.

ENLISTED MEN SENT TO PAPER ORDNANCE BASE

Washington—Investigation has been ordered by Secretary Baker of circumstances surrounding the misunderstanding which caused enlisted men of the ordnance corps to be sent to Raritan, N. J., for mobilization at an ordnance base which apparently exists only on paper. The arrival of some two-score of the force was reported to Mr. Baker. Officers were sent to straighten out the tangle and the soldiers will be housed at Camp Upton.

Texan Is Assistant of Secretary McAdoo



Thomas B. Love, formerly state commissioner of insurance and banking in Texas, has been appointed assistant secretary of the treasury. He will probably supervise the work of the war risk insurance bureau and of the internal revenue bureau. He has been working recently as volunteer assistant to the commissioner of internal revenue.

SEC. McADOO TAKES CHARGE

FEDERAL GOVERNMENT ASSUMES CONTROL AND OPERATION OF ALL ROADS.

As Director General He is Expected to Direct Unification and Operation of Roads Through Present Management.—Retains Cabinet Place.

Washington.—Government possession and operation of the nation's railroads for the war was proclaimed by President Wilson and became effective at noon Friday, December 28. William G. McAdoo, retaining his place in the cabinet as secretary of the treasury, is placed in charge as director general of railroads.

Every railroad engaged in general transportation, with its appurtenances including steamship lines, is taken over and all systems will be operated as one under the director general.

In a statement accompanying his proclamation, the president announced that as soon as congress reassembles he will recommend legislation guaranteeing pre-war earnings and maintenance of railroad property in good repair.

The president's move, although forecast for weeks, came at this time as a great surprise to nearly everybody in Washington, including railroad officials. It had been generally believed that he would await the re-assembling of congress before taking any step. He acted through Secretary of War Baker, under authority conferred in the army appropriation act.

Management of the roads will remain in the hands of railroad officials and the railroads' war board, comprised of five railroad heads, will continue to direct actual operation under Secretary McAdoo's general supervision.

The chief practical effect of government operation will be to permit a complete unification of all rail systems, impossible under private operation by reason of statutes prohibiting pooling of rail traffic and earnings. The roads themselves had gone as far as they dared in this direction, and it became known only that they had been warned by Attorney General Gregory that a violation of anti-pooling laws could not be permitted.

Interurbans Excepted.

Although the proclamation applies to all electric lines engaged in general transportation, local interurban systems are specifically exempted.

Congress will be asked to guarantee earnings equivalent to the average net operating income for the three-year period ending June 30, 1917. Railroad experts estimate that this will cost the government next year in the neighborhood of \$100,000,000, which can be raised in large part by increased freights, if the interstate commerce commission grants the roads' application for the 15 per cent rate increase now pending. Otherwise it will be paid largely out of the general government funds.

GENERAL BLISS WILL BE RETAINED ON ACTIVE LIST

Washington.—Gen. Tasker H. Bliss will be retained on active service as chief of staff of the army after he reaches the retirement age Monday, December 31. Secretary Baker announced last week that this had been decided upon by President Wilson. It had been believed generally General Bliss would continue in active service, but that some younger officer would assume the burdens of the chief of staff.

McADOO INSTRUCTS NEW R.R. WAR BOARD

AS TO TASK OF OPERATING FOR THE PRESENT TIME AT LEAST.

INSTRUCTIONS ARE WIRED

Traffic to be Moved by The Most Direct Route Now—Open Way for Traffic Pooling That Was Heretofore Impossible.

Washington.—The railroads of the United States passed into government possession at noon Friday as Secretary McAdoo, designated by President Wilson as director general of railroads, was delegating to the railroads' war board the task of operating them for the present.

The war board, comprising five of the country's foremost railroad executives who have been in supreme charge of the roads for the last nine months, were called into conference at 11 o'clock to discuss plans for welding all transportation lines into a single government-operated system. They left the treasury department two hours later under instructions to continue their functions and submit immediately a plan of operation to the director general.

Mr. McAdoo issued his first formal order designed to speed up freight movements, telegraphing all railroad presidents and directors instructions to move traffic by the most convenient and direct routes. At the same time he ordered them to continue the operation of their lines in conformity with the President's proclamation putting them under government control.

There was no indication whether Mr. McAdoo intended eventually to displace the war board with an organization of his own or to continue its organization for the duration of the war. It was made clear, however, that it will continue the function until the director general decides that a better system can be devised.

The order that freight move by the most expeditious route opens the way for a pooling of traffic impossible heretofore by reason of statutes designed to prevent the practice by carriers operated under private direction. It takes from the shipper the right to route his freight as he wishes, and leaves to the railroad traffic manager the task of sending it most directly and where there is least congestion.

TEUTONIC TERMS FOR PEACE NOT SUFFICIENT

Great Britain and France, respectively, through their prime minister and minister of foreign affairs, have made known to the world that the terms under which the Teutonic allies seek a general peace are not sufficient. And backing their prime minister, the British proletariat, represented by a national labor conference, has reaffirmed, without equivocation, that it is the determination of labor to continue the war.

Fortified by the known attitude of President Wilson as to the requirements of the United States if the war is to end and a peace concluded, the utterances of Premier Lloyd George and Foreign Minister Pichon and the almost unanimous sentiment of the British workers seemingly make certain that the Teutonic allies' proffer, given in reply to the Russian bolshevik proposals, will go for naught unless it is materially added and brought into line with the demands that the United States and the entente allies have laid down as the concrete basis for the discussion of peace.

Nevertheless the bolshevik element in Russia apparently has not lost heart that something may come from the Czernin proposal, for the Brest-Litovsk peace conference at which it was made has taken a recess until January 4, and meanwhile Trotsky, the bolshevik foreign minister, purposes to send a note to the entente allied embassies in an endeavor to have them participate in further peace parleys, and also is drafting a note to the peoples of the world.

PROHIBITION FOR TROOPS IN FRANCE BEING CONSIDERED

Washington.—Prohibition of the sale of intoxicants of any description to members of the American expeditionary force is under discussion between General Pershing and the French authorities. The war department announced it had been so advised by General Pershing, who in order to clear up misunderstanding cabled the text of his order forbidding American soldiers to buy any intoxicants other than light wines or beer.

McADOO CALLS UPON THE MERCHANTS OF COUNTRY

Washington.—Merchants who have been offering to take Liberty bonds at par or at a premium for merchandise were appealed to by Secretary McAdoo to stop the practice. "While I have no doubt that these merchants are actuated by patriotic motives," the secretary said, "I am sure that they have failed to consider the effect their offers would have on the situation. We are making effort to have bonds purchased for permanent investment."

MUST FILE RETURN

ALL SUBJECT TO INCOME TAX REQUIRED TO SUBMIT STATEMENTS BY MARCH 1.

HEAVY PENALTY FOR FAILURE

Returns Will Be Rigidly Checked and Assistance Given Taxpayers by Officials in Every County—Tips to Farmers.

Washington.—All good Americans who are making a fair living are now called upon to pay, in the way of an income tax, their share of the cost of the war. Whether or not he is subject to this tax is the question every man must settle at once. In a few words this is the answer: Every unmarried man whose net income is \$1,000 or more and every married man or head of a family whose income is \$2,000 or over must pay the tax. Before March 1, 1918, he must file his return with the collector of internal revenue in the district in which he lives or has his principal place of business.

The man who thinks to evade this tax is making a serious error. Revenue officials will be in every county to check returns. Failure to make a correct return within the time specified involves heavy penalties.

"Net income" means gross income less certain deductions provided for by the act. The law defines income as profit, gain, wages, salary, commissions, money or its equivalent from professions, vocations, commerce, trade, rents, sales and dealings in property, real and personal, and interest from investments except interest from government bonds, or state, municipal township or county bonds. Income from service as guardian, trustee or executor; from dividends, pensions, royalties, or patents, or oil and gas wells, coal land, etc., are taxable.

Normal Rate Is 2 Per Cent.

The normal rate of tax is 2 per cent on net incomes above the amount of exemptions, which is \$2,000 in the case of a married person or head of a family and \$1,000 in the case of a single person. A married person or head of a family is allowed an additional exemption of \$200 for each dependent child if under eighteen years of age or incapable of self-support because defective. The taxpayer is considered to be the head of a family if he is actually supporting one or more persons closely connected with him by blood relationship or relationship by marriage, or if his duty to support such person is based on some moral or legal obligation.

Debts ascertained to be worthless and charged off within the year and taxes paid except income taxes and those assessed against local benefits are deductible. These and other points of the income tax section of the war revenue act will be fully explained by revenue officers who will visit every county in the United States between January 2 and March 1 to assist taxpayers in making out their returns.

Officers to Visit Every Locality.

Notice of their arrival in each locality will be given in advance through the press, banks and post offices. They will be supplied with income tax forms copies of which may be obtained also from collectors of internal revenue.

The bureau of internal revenue is seeking to impress upon persons subject to the tax the fact that failure to see this official in no way relieves them of the duty imposed by law to file their returns within the time specified.

The government is not required to seek the taxpayer. The taxpayer is required to seek the government.

The penalty for failure to make the return on time is a fine of not less than \$20 nor more than \$1,000, and in addition 50 per cent of the amount of the tax due. For making a false or fraudulent return, the penalty is a fine not to exceed \$2,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and in addition 100 per cent of the tax evaded.

As to the Farmers.

The number of farmers who will pay income taxes has not been estimated by the government officials, but it is certain they will form a large percentage of the 6,000,000 persons assessed who never before have paid an income tax. The average farmer does not keep books but if he avails himself of the services of government experts who will be sent to aid him, it will not be difficult for him to ascertain the amount of his net income.

The farmer is making out his return may deduct depreciation in the value of property and machinery used in the conduct of his farm, and loss by fire, storm or other casualty, or by theft if not covered by insurance. Expenses actually incurred in farm operation may be deducted, but not family or living expense. Produce raised on the farm and traded for groceries, wearing apparel, etc., is counted as living expenditures and cannot be deducted.

Take the Short Route.

When you talk, observes an educator, whether in conversation or in meeting, use short words, of which there are more than there are of long ones, and take the most direct road to your meaning. Your meaning's the same.

Cook Makes Good Start.

"I see you have a new cook." "You are right." "Is she experienced?" "I surmise so. She started the first day by coming late, and then asking for the afternoon off."