

be content with such a share of business as it can get through superior inducements and facilities. This is the principle which controls in every business but that of railroads. With them it seems to be impracticable. The Milwaukee and St. Paul Road has been extending its lines, building or buying new branches and feeders, and increasing its appliances with a view to a larger business. According to ordinary principles nothing could be more legitimate. It is said that the company has been somewhat extravagant in the use of its funds and its credit, but this would seem to be a matter that chiefly concerned itself and its creditors. But it so happens that the Chicago, Rock Island and Pacific Road and the Chicago, St. Paul and Omaha draw their traffic to some extent from the same territory with the Milwaukee and St. Paul. They have the same privilege of extending their lines, multiplying their connections and increasing their facilities, but it would not pay for three or four companies to throw out branches through the same districts, and if they were to do so they would be in a constant conflict for the division of a traffic insufficient perhaps for one line.

Hence the rivals of Milwaukee and St. Paul object to its enterprising policy, especially when it invades fields which they regard as their own. They desire to check its aggressive proclivities and keep it within what they consider its own proper limits, both as to the territory traversed and the share of traffic secured. The only means which the companies have of fighting each other is by accepting the challenge of competition and cutting rates. In the first place the company which has extended its lines and increased its facilities, and is therefore reaching out for a larger share of business, is tempted to turn traffic over its roads by offering lower rates than its rivals. They are compelled to meet its reduction in order to save their own business, and they are apt in retaliation to go beyond it, and so a war of rates is begun. Once begun, it may be kept up from a variety of motives, the chief of which is a desire among the hostile managers to compel terms of agreement for peace which shall be satisfactory to themselves. President PORTER, of the Omaha, for instance, desires to restrain the acquisitive propensity of the Milwaukee and St. Paul, and the Rock Island wishes to make sure of its fair share of Southern Minnesota business.

The one thing which is regarded as utterly impracticable and out of the question is free competition among the roads. That means constant warfare, with the ultimate survival of only the most powerful of the combatants. War while it lasts is expensive for all parties, and one would naturally say that the sooner a truce is declared and terms of peace agreed to the better, but the difficulty seems to be that more will be demanded on one side than will be conceded on the other, and agreement on mutually satisfactory terms is impossible until the contestants have tried their strength and become sobered by exhausting losses. It will doubtless be somewhat difficult to reconcile conflicting claims and settle the complicated struggle by mutual agreement of the parties concerned. Arbitration might be thought feasible, but there is no authority that can make its decrees binding if they are unsatisfactory to any of the parties. It must in the last instance be a matter of voluntary acquiescence, whether a settlement is reached by mutual agreement or by arbitration, but sooner or later acquiescence must be given to some kind of an arrangement which shall sustain rates, define or divide fields of operation, and limit the share of rival lines in competing traffic. While there is no higher authority to appeal to, no control of law in the field of controversy, this seems to be the only mode of regulating a rivalry which competition only demoralizes.

THE NORTH-WESTERN RAILROAD

WAR.

The refusal of President PORTER, of the St. Paul and Omaha Road, to agree to a cessation of hostilities in the North-western railroad war throws more light on the causes of the contest than any explicit admissions that have been made on the part of the combatants. The struggle affords a curious illustration of the tactics to which railroad managers are driven in their efforts to escape from the effects of competition. For a long time the main lines which traverse the great wheat-growing regions of the North-west and bring their products to Chicago worked in harmony by dint of a certain community of personal interests. To some extent the leading stockholders in the different companies were the same, and to a still greater extent they were associated in interest through their Directors and officers. So long as the common interest of the controlling spirits was sufficient to make it to their advantage to suppress rivalry there was no difficulty in securing concert of action. But latterly the spirit of rivalry has become too strong for the cohesive power of a common self-interest, and has precipitated a struggle which can only end in a new and stronger compact defining the territorial rights of each company and determining its share in the common traffic.

It seems that the chief provocation to a continuance of the warfare, if not to its first outbreak, is the aggressive policy of the Chicago, Milwaukee and St. Paul Road. According to the decrees of the law of competition, any railroad company is at liberty to extend its lines and build up its facilities to suit its own interests. It may penetrate any field which it considers likely to prove profitable, prepare for any business that it may hope to get, and secure such a share of traffic as its resources and skill in management may enable it to command. If it meets with a rival, each must rely on its ability to cope with the other and