

other road in the group. As to the ruling concerning the live stock traffic the Alton says: "The order has manifestly been wholly disregarded and the association has no power to enforce it." The company's conclusion as to the work of the association is this: "The agreement has tied the hands of those who complied with its provisions, and has enabled others to obtain unfair advantages over them. The Chicago and Alton Company will no longer quietly submit to such unjust and unlawful competition. The notorious disregard by the Chicago, Milwaukee and St. Paul Company of that part of the agreement which relates to rates has released the Chicago and Alton Company from all obligations under it."

The effect of the Alton's action upon the association may be serious. Our Chicago correspondent reports that it will probably disrupt the organization. But it remains to be seen how strenuous will be the efforts of members to conciliate the withdrawing company. If this were the only dispute or problem now confronting the association the task of conciliation would be less formidable, but other disturbing questions have recently arisen with respect to traffic eastward from St. Paul and Minneapolis, and the reduction of the lumber rate, which cannot be prevented, may make a great deal of trouble if the arguments of the Executive Board in response to the Alton's application were sound. If the Alton goes at work in earnest to regain its lost business other companies now in the association will reduce rates, with or without the association's consent. Moreover, there is some question as to the legality of the diversion and distribution of business proposed by the association in its decision as to the live stock traffic. The events of the next few weeks will be full of peril to the organization, and it will be fortunate if it shall succeed in retaining its members and enforcing its orders.

THE ALTON'S WITHDRAWAL.

The Chicago and Alton Railroad Company has been a member of the Inter-State Railway Association about three months and a half, and it has given notice that it will withdraw on July 15. As this is the first withdrawal and as the Alton Company's action may cause serious disturbance in the association, the motives of the dissatisfied company and the reasons given for its course are of considerable interest.

The Alton became a party to the agreement reluctantly and only after its officers had repeatedly been assured that upon its consent would depend the welfare of the railway system from Chicago westward of which it is a part. It is a conservative and well-managed company that has built no branches in the desert, and for years it has paid very comfortable dividends. It depends almost entirely on traffic between Chicago and Kansas City. Not long after the new association was formed the Alton discovered that it was losing its business. While part of the loss appears to have been caused by the competition of the Illinois Central—a company that declined to enter the association, and has therefore been free to make rates lower than those of the association roads—the greater part of it was due, in the opinion of the Alton's officers, to the treachery of the Chicago, Milwaukee and St. Paul Company, which is a member of the association. The Alton has the shortest line between Chicago and Kansas City, and before the association was formed it had from 35 to 40 per cent. of the cattle shipments. But during its connection with the association its proportion is said to have been only about 10 per cent., while the cattle trade of the St. Paul Road between the same points and ostensibly at the same rates has increased in a remarkable way. At the same time the Alton has seen its grain trade falling off and apparently being transferred to the St. Paul Road. Its lumber traffic from Chicago westward has fallen to 12 per cent., although in 1886 it carried 68 per cent. The lumber business from Chicago for all the roads has fallen off, owing to the introduction of yellow pine from Arkansas, but the losses of the Alton have been proportionally much heavier than those of its leading associates.

The Alton saw that it must recover its trade or reduce its dividends. It appealed to the association for a diversion of the cattle and grain traffic to its line, so that it might have a fair share of the business. With the Burlington Company it also applied for permission to reduce the rate on lumber to Missouri River points from 16 to 10 cents, in order that it might prevent the entire loss of this traffic. The association refused to permit a reduction of the lumber rate, on the ground that such action would cause great disturbance and eventually enormous losses to other members of the association. But in the matter of cattle shipments it undertook to apply a remedy. It said:

"It is found that the Chicago, Milwaukee and St. Paul during the current year has obtained a proportion of the live stock traffic from Kansas City largely in excess of the share which it should receive in order to effect an equitable distribution. The methods by which this result has been reached are not important for the present purposes. The principles by which the association is governed require that the Chicago, Milwaukee and St. Paul restrict its live stock traffic to an amount not exceeding two trainloads per week until the inequality is corrected. So far as the diversion can be properly controlled, the benefit thereof should be given for the time being to the Chicago and Alton. It is not considered necessary at present to indicate the method to be adopted for this purpose."

Before this decision was made the Alton had given notice that it would not submit to the ruling as to lumber rates, but would proceed to fix those rates to suit itself. In response to the decision as to live stock, the St. Paul Company declared that it would comply, and added that it was always ready to extend courtesy and aid to weak roads. This fling was not relished by the Alton, and when the Alton discovered that in spite of the decision the St. Paul was carrying more than two trainloads per week and that there had been substantially no change, it gave notice of withdrawal.

From the beginning of the dispute the Alton has insisted that the St. Paul was secretly violating the agreement by cutting rates. In its notice of withdrawal it repeats the charge and offers circumstantial evidence in support of it, showing that before the association was formed the St. Paul, having the longest of all the competing roads between Chicago and Kansas City, was unable with all its efforts to obtain as much business as the Alton had, while since the agreement was made the same road had secured more than the combined business of the Alton and any