

**GOVERNMENT  
TELEGRAPHS.  
PP. 5 - 49**

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Government Telegraphs. pp. 5 - 49 by William Orton

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**WILLIAM ORTON**

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GOVERNMENT TELEGRAPHS.

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ARGUMENT

OF

WILLIAM ORTON,

PRESIDENT OF THE

WESTERN UNION TELEGRAPH COMPANY,

ON THE

BILL TO ESTABLISH POSTAL TELEGRAPH LINES,

DELIVERED BEFORE THE SELECT COMMITTEE OF THE UNITED  
STATES HOUSE OF REPRESENTATIVES.

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NEW YORK:

RUSSELLS' AMERICAN STEAM PRINTING HOUSE,  
26, 30, 32 Centre Street.

1870.



EXECUTIVE OFFICE,

Western Union Telegraph Company.

NEW YORK, June 8th, 1870.

Hon. C. C. WASHBURN,

*Chairman Special Committee on the Postal Telegraph.*

DEAR SIR:

During the session of your Committee, on the 11th of May, you remarked that you "had a letter from our Minister to Switzerland, Horace Rublen, in which he says, under date of" March 21st, 1870, that the total receipts from the telegraphic service for 1869 reached 1,043,350 francs; the cost to the Administration for the same period, 913,104 francs; leaving 130,246 francs as net receipts." To which I replied as follows: "I will controvert the assertion, and will prove it from the official record, that, so far from that statement being true, the telegraph in Switzerland, during that year, did not pay its own expenses. There is this fact to be taken into consideration: In Switzerland, instead of the expense of construction and extension being charged to profit and loss, they are covered by a special credit of \$100,000—an appropriation made by the Government for that special purpose, and only the interest on the sum annually expended is charged to the expense account."

I have just received a copy of the Official Report of the Administration of Telegraphs in Switzerland for 1869, which states that the expenditures for the year above mentioned were..... \$214,240.83  
And the receipts for telegraphing..... 197,132.32

leaving a deficit of..... 87,108.51

The process by which an apparent profit of 130,246.53 francs, or \$26,049.50, was shown, was by adding to the telegraph receipts 66,689.69 francs, which were mainly derived from fund contributions from committees for the establishment of offices, and by deducting from the expenditures 148,100 francs, which were disbursed for new constructions.

[SIGNED]

On page 2 of the Official Report '71 is stated that only \$11,144 of the sum placed to the credit of the Administration of Telegraphs by the decree of the 17th July, 1867, remains unexpended. The disbursements upon account of this credit were as follows:

In 1867.....	\$49,277.00
" 1868.....	16,959.00
" 1869.....	29,620.00
Total.....	<u>\$85,856.00</u>

The receipts other than for the transmission of messages, and mainly composed of forced contributions from the communes, were as follows:

In 1867.....	\$9,702.82
" 1868.....	13,328.00
" 1869.....	13,137.82
Total.....	<u>\$36,229.67</u>

Thus it will be seen that during the past three years \$125,084.67 have been received by the Telegraph Administration in Switzerland, and expended by it in the prosecution of the telegraph business, which was exclusively derived from other sources than from the transmission of messages.

I take this opportunity to inquire whether these facts, derived from the Official Reports, do not show the necessity of exercising great caution in accepting as authentic such statements as those made by Mr. Rebles and Mr. Harrington.

I am, very respectfully,

Your obedient servant,

WILLIAM ORTON.



## INTRODUCTION.

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There are two schemes now before Congress which contemplate the connection—more or less intimate—of the Telegraph with the Postal Service. The one known as the Hubbard scheme asks for the incorporation of a company by an act of Congress, which shall also confer the right to build and operate Telegraph lines in all the States and Territories. This scheme also contemplates a partnership arrangement by contract with the Post-office Department, under which the company is to be provided with office room, stationery, lights and fuel, and to some extent with clerks, operators and superintendents, at the cost of that department. As a partial return for these advantages, the company stipulates to send messages at the rate of 25 cents for distances of 500 miles, and 50 cents for distances of 1,000 miles—reserving, however, the right to charge extra rates for messages the senders of which are willing to pay for "priority of transmission;" and the right thus to put one message ahead of another, for a consideration, is especially conferred by the bill. This scheme was reported upon adversely by unanimous vote of the House Committee on Post-offices at the last session of Congress. Mr. Hubbard then transferred his application to the Senate, and the bill is now in the Post-office Committee of that body.

The other scheme is that of which Hon. U. C. Washburn, of Wisconsin, is the author. More than two years ago Hon. E. B. Washburn, of Illinois, introduced a bill into the House which provided for the construction of a line of Telegraph between the cities of Washington and New York by the Post-office Department, and to be operated by it in competition with the lines owned by private parties. This scheme was not only reported upon adversely by the House Committee on Post-offices, but was received with special disfavor by the public, on account of the dangerous precedent which it proposed to inaugurate, of employing the public funds—drawn from the people by taxation—for the purpose of establishing the Government in business as the competitor of its own citizens. The scheme now pending is so far an improvement as that it proposes to purchase all existing lines at a price to be fixed by appraisement and arbitration. When so acquired by the Government, it is proposed that they shall be operated by the Post-office Department at the rate of 20 cents per message between all points in the United States, and that the business of telegraphing shall be thereafter prohibited to all persons or corporations under stringent penalties.

The adoption of either of these schemes would be the inauguration of a new policy by our Government. The interests involved reach far beyond the value of all the Telegraph property in the country, on whatever basis that value may be determined; and it is in the belief that the public at large, as well as the owners of Telegraph stock, will be interested in this discussion, that it is respectfully submitted for their consideration.



ARGUMENTS  
BEFORE THE SELECT COMMITTEE  
ON  
THE POSTAL TELEGRAPH,

U. S. HOUSE OF REPRESENTATIVES.

WASHINGTON, D. C., April 30, 1870.

Mr. GARDNER G. HUBBARD appeared before the Committee and resumed his statement, as follows:

The Chairman asked me yesterday why it was necessary to incorporate a new Company—why the Western Union Company should not come in and rec. themselves under the bill? I will say, in regard to that, that I made a similar proposition to the Western Union Telegraph Company and they declined it. I will read a part of my letter to them, and a portion of the whole of their answer, as they may desire.

Mr. ORSON.—Read it all, please.

Mr. HUBBARD read as follows:

"New York, August 15, 1869.

"WILLIAM ORSON, Esq.,

"First Western Union Tel. Co.

"Dear Sir—I have been requested, by gentlemen interested in the postal telegraph, to submit a proposition to Congress, for the performance of the entire telegraph service of the country, substantially on the terms set forth in a 'Bill to establish a postal telegraph system, and to incorporate the United States Postal Telegraph Company.' This bill was introduced into the Senate, March 15, 1869, and referred to the Committee on Post-offices and Post-roads. During the last session of the 40th Congress I was informed, by a member of the Senate Committee on Post-offices and Post-roads, that you were willing to perform the service on these terms. I wish to know if this information was correct, and if you desire to make such a proposition. If you will, I will use my influence to secure its acceptance. I desire to secure a cheap telegraph for the people, controlled and regulated by the laws of the United States. This can be more quickly accomplished through your Company than in any other way. I am, therefore, ready to sacrifice any private interests to secure so great a public benefit.

"I shall be at the Fifth Avenue Hotel to-day, and possibly to-morrow, and will call and explain my views more fully, if desired. Requesting the favor of an early reply, directed to me at Boston,

"I am, respectfully,

"GARDNER G. HUBBARD."

In reply to which I received the following letter:

"Executive Office Western Union Telegraph Co.,  
"145 Broadway, N. Y., Aug. 20, 1869.

"GARDNER G. HUBBARD, Esq.,

"Boston, Mass.

"Dear Sir—Your note of 15th instant has been received. I should have been pleased, had it been convenient for you to keep the appointment, to have discussed further the subject of your previous communication, under date 16th instant, but I am not prepared to make any stipulations concerning Governmental interference with the telegraph business. I not only believe that the scheme which you have advocated before Congress will not succeed, but that it could not to succeed, and that the business cannot be made self-sustaining at the rates named in your bill. Whether the benefits which the Company could secure from the Government, under its provisions, would compensate for the loss of revenue is a question concerning which wide differences of opinion may properly arise. If the bill should be construed strictly, and the benefit of all doubts given to the Government, the pecuniary advantages to the Company would be very much less than if the latter were treated with liberality. I can conceive of circumstances under which a Company submitting to the Government the relations provided by the bill could escape much of the expense which we are obliged to defray. In that case a majority of the receipts, even at the low rates you propose, might become profits, and thus an impracticable enterprise be made a financial success. I do not believe, however, that that portion of the public interested in cheap telegraphy desire that it shall be accomplished at the expense of the Treasury, and that the burdens of taxation (already onerous) shall