

# Government Ownership of Telephone and Telegraph

Following are Associated Press dispatches, dated Washington, Jan. 31:

Government monopolization of telegraph, telephone and wireless communication "and such other means for the transmission of intelligence as may hereafter develop" is recommended in a report submitted to the senate today by Postmaster General Burleson. Immediate government ownership of telephone lines is recommended, with a system of license for the other agencies of communication establishing a government monopoly even where there is not actual ownership.

The report is that made to the postmaster general by a special committee appointed by him, and was transmitted to the senate in response to a resolution asking that he make an investigation of the subject as an extension of the postal service.

The report declared that the "only way to afford to the people the complete and modern postal facilities that the constitution makes it the duty of the government to provide," is by carrying out these suggestions: "One—that congress declare a government monopoly over all telegraph, telephone and radio communication and such other means for the transmission of intelligence as may hereafter develop.

"Two—That congress acquire by purchase at appraised value the commercial telephone network, except the farmer lines.

"Three—That congress authorize the postmaster general to issue, in his discretion and under such regulations as he may prescribe, revocable licenses for the operation, by private individuals, associations, companies and corporations of the telegraph service and such parts of the telephone service as may not be acquired by the government."

The recommendations are signed by Daniel C. Roper, first assistant postmaster general; Meritt O. Chance, chief clerk, postoffice department, and John C. Koons, superintendent, division of salaries and allowances, composing the committee. They were accompanied by statistical information collected after one of the most exhaustive investigations undertaken by the postoffice department.

## BEHIND OTHER NATIONS

The report states that the United States is "alone of the leading nations which has left to private enterprise the ownership and operation of the telegraph and telephone facilities," and that practically all of the economists who have treated the subject are agreed that telegraph and telephone facilities should be controlled by the government.

It declared further that Theodore N. Vail, president of the American Telephone and Telegraph company, by his statement that the telephone business must be "under common control" and "sufficiently strong to constitute practically one system, intercommunicating, interdependent, universal," has himself pointed out that the most efficient telephone service can be attained only under a condition of monopoly.

The report continues: "The private monopoly has no incentive to extend its facilities to unprofitable territory, but the government must serve all the people. This universal service is accomplished by the equalization of rates. In fixing rates, the policy of this government is to superimpose no charge for taxation, but only to see to it that the service as a whole is self-supporting. The private monopoly, on the other hand, must

make a profit, and, in providing for this, tends to increase its rates to the highest price that will not, by so greatly restricting the volume of business, impair the aggregate profit.

"It is obvious that the longer the acquisition by the government of these facilities is deferred, the greater will be the cost. Moreover it is economic waste to permit private enterprise to build up vast properties that must eventually be taken over by the government in resuming its constitutional monopoly, at a cost out of all proportion to the value of the parts of such properties that may be utilized to advantage in the postal system.

## BACKWARD IN MAKING EXTENSIONS

"So far as the public generally is concerned, the entire telegraph service is owned and operated by two telegraph companies. Telegraph facilities have not been extended to the small towns and villages along with the government postal facilities, nor has the cost of the service been reduced in the inverse proportion that would seem warranted by the increasing volume of business transacted. Neither has the volume of business in this country, in proportion to the population, been as great as in countries where this facility is owned and operated governmentally.

"It is needless to enter into the manifold advantages and benefits that would accrue to the people from a universal telephone service. As it has done with the mails, it is the duty of the government to make this facility available to all of its citizens without discrimination.

"According to the best available data the capitalization of the long distance and toll lines represents approximately \$200,000,000 and the capitalization of the entire commercial network approximately \$900,000,000. The cost to the government would be less than the appraised value, since it would be undesirable for the government to purchase the real estate holdings of the companies. Exchanges could be leased until accommodations could be provided in the postoffices and stations."

The report was sent to the senate in response to a resolution introduced by Senator Norris.

The report points out that the founders of the nation were alive to the importance of keeping under government control all means of communication and provided in the constitution that congress have power to establish postoffices and post roads. It was clearly the intention, the report adds, that the government should control every means of transmitting intelligence.

## SHOULD BE OPEN TO MASSES

The postal service has already adopted practically every means of transmission except electricity and yet the United States alone of all nations, the committee points out, has left to private enterprise the ownership and operation of telephone and telegraph facilities.

"These facilities are now for the classes," the report comments; "under government ownership they will be for the masses."

Government ownership of the telephone, rather than the telegraph lines, is recommended for the reason that telegraph service can be more readily superimposed on telephone lines than telephone service on telegraph lines. It is pointed out also that because of the great cost involved it would be unwise from a commercial view for the government

to acquire by purchase the telegraph lines.

The telegraph business is on the wane, as compared to the telephone business, the report says, and in the decade from 1900 to 1910, while the population of the country increased about 18 per cent the average daily telephone connections increased 287 per cent and the number of telegraph messages only 18 per cent.

The telegraph companies, the committee says, have already lost most of their short distance business, owing to the development of the toll telephone service, and probably will lose much of the long distance business when the toll rates become adjusted on a cost basis.

Another objection to acquiring the telegraph lines is that even the duplicate plants of rival companies would be inadequate because the lines have been extended only to profitable territory.

The cost of acquiring the telegraph facilities is estimated at \$225,000,000, as against \$200,000,000 for long distance and toll telephone lines. As there are some 3,000 proprietors of telephone lines, payments would extend over a period that would allow ample time to market bonds, the report adds.

## PEACE AND PUBLIC POLICY

Regarding mankind as a whole, the thing most to be deplored is war, and the thing most to be desired and definitely worked for is peace. Every step that can be taken by any government to lessen the likelihood of war, hasten its termination, or mitigate its horrors if it should actually exist, is plainly due as an obligation to its own people, and to the cause of civilization at large. It is too early to judge of the wisdom and efficiency in all details of the work of our state department as directed by President Wilson and Secretary Bryan. But there can be no doubt concerning the high motives of our foreign policy and its benevolent attitude towards other countries. Secretary Bryan has been negotiating a series of treaties designed to assure a period of investigation and inquiry into the nature of disputes before the outbreak of hostilities. Such agreements with several nations are already signed, and many others are in prospect.

## THE BRYAN TREATIES

The first of these treaties was with the republic of Salvador, and it was signed last August. Its opening article is as follows:

"The high contracting parties agree that all disputes between them, of every nature whatsoever, which diplomacy shall fail to adjust, shall be submitted for investigation and report to an international commission, to be constituted in the manner prescribed in next succeeding article; and they agree not to declare war or begin hostilities during such investigation and report."

An important thing about this kind of commission is that it is to be a standing body, named in advance, rather than a board selected with distrust and difficulty after the failure of diplomacy to settle a dispute. Each of the two countries names one member from its own citizens and one from an outside country, and the two governments choose a fifth member by common agreement. An investigation by this commission may occupy an entire year, but no longer time, unless the governments agree to extend the period. The two governments may deal as they choose with the report of the commission, neither being bound in any way. A further article of the agreement declares that the two contracting parties will not increase their military or naval program during the period of the investigation, unless danger from a third power should

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compel such increase, in which case the menaced government will communicate with the other, and the obligation to maintain the military and naval status quo will cease for both countries.

## WIDE ACCEPTANCE OF PLAN

The treaty is valid for a period of five years, after which it will continue indefinitely in force, unless one or the other of the contracting governments gives twelve months' notice. Inasmuch as Mr. Bryan has received the assurances of more than thirty governments that they will sign similar agreements with the United States, the matter becomes one of great importance. It will be seen that a treaty of this type does not provide for arbitration. It is greatly preferable that countries having disputes should find a way to settle them by direct negotiation, although arbitration is the civilized and proper way to proceed in case diplomacy should fail. The advantage of Mr. Bryan's plan is that it will diminish the danger of a sudden outbreak of war. The secretary is doubtless right in believing that when disputes have been thoroughly studied and reported upon by an international commission they will have been brought into such relationship to the forces of public opinion that they can subsequently be settled either by the resuming of direct negotiation or else by reference to The Hague tribunal or to some other form of arbitration. — The American Review of Reviews.

## NO REST

"My old barber has left the city." "You seem very regretful." "Yes. He had been trying to sell me a bottle of hair tonic for the past fifteen years, and so far I have succeeded in standing him off. Now I shall have to start the battle all over with a new man."—Pittsburgh Post