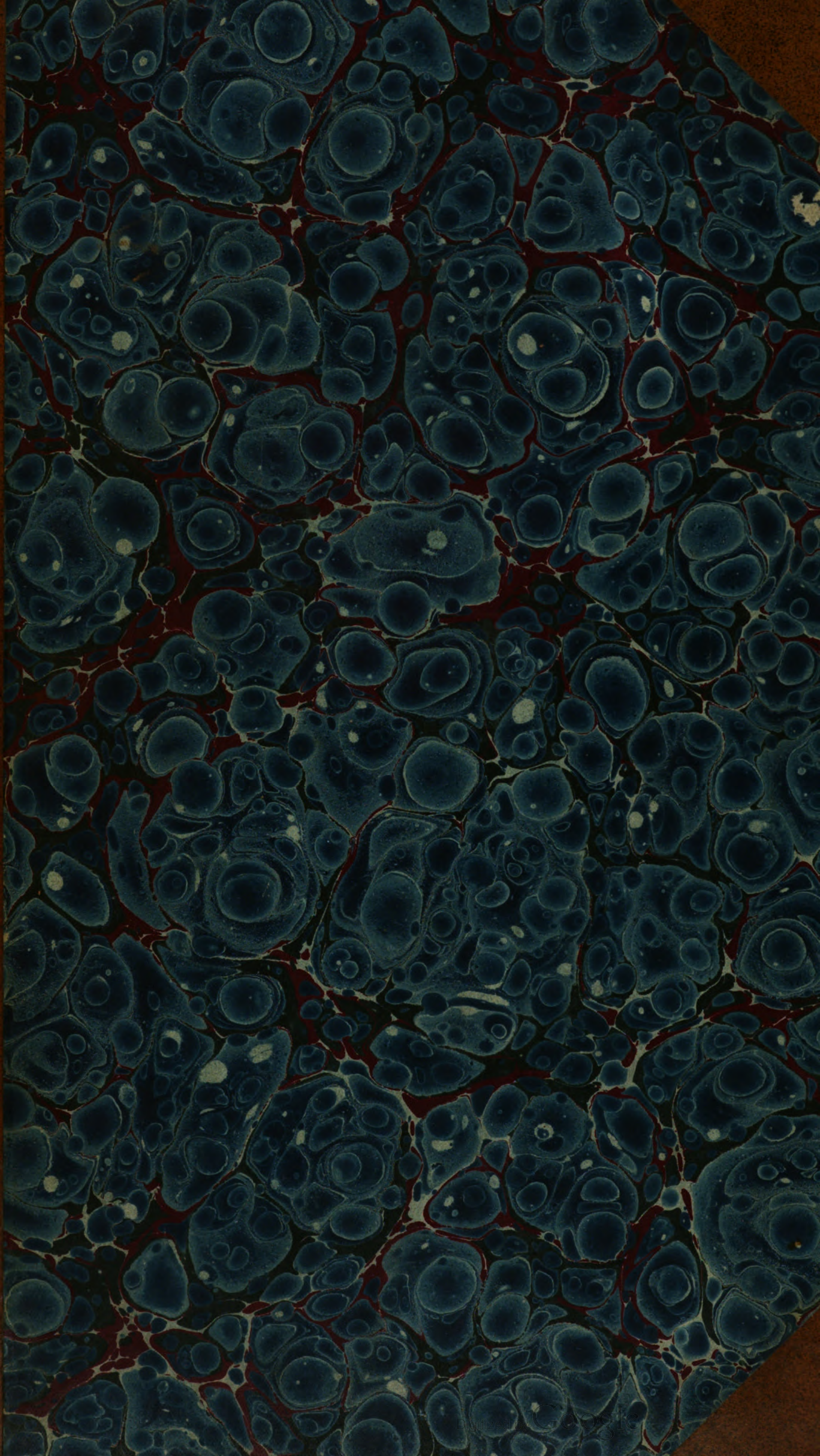

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Pp. Eng. $\frac{1868-9}{6}$

REPORTS
FROM
COMMITTEES:

SIX VOLUMES.

—(1.)—

ABYSSINIAN WAR; MAIL CONTRACTS;
PUBLIC ACCOUNTS; TELEGRAPH BILL.

Session

10 *December* 1868 — 11 *August* 1869.

VOL. VI.

1868-9.

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This Book
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Oxford.
1869



REPORTS FROM COMMITTEES:

1868-9.

SIX VOLUMES:—CONTENTS OF THE

FIRST VOLUME.

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FROM THE

SELECT COMMITTEE

ON THE

TELEGRAPH BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE

AND

MINUTES OF EVIDENCE.

*Ordered, by The House of Commons, to be Printed,
22 July 1869.*

Friday, 9th July 1869.

Resolution, THAT, in the case of the Telegraph Bill, the Standing Orders ought to be dispensed with; that the Bill be permitted to proceed on a clause being inserted securing to all existing Telegraph Companies, not having yet arranged with the Government, a right of arbitration (failing agreement) as to the value of their present rights and privileges.

Friday, 16th July 1869.

Telegraph Bill read a second time, and committed to a Select Committee.

Monday, 19th July 1869.

Ordered, THAT the Committee do consist of the Marquis of Hartington, Mr. Hunt, and Five Members to be nominated by the Committee of Selection.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Three be the Quorum of the Committee.

Ordered, THAT the Committee have leave to sit and proceed on Thursday.

Tuesday, 20th July 1869.

Ordered, THAT the Petitions presented to this House respecting the Telegraph Bill be referred to the Select Committee on the Bill; and that such Petitioners as shall have prayed to be heard by themselves, their Counsel, Agents, and Witnesses upon their Petitions, be so heard, if they think fit, and Counsel heard in favour of the Bill against such Petitions.

Committee of Selection.

The following Members are added to the Select Committee on Telegraph Bill:

Mr. Baines.	Mr. Laird (Birkenhead).
Sir Smith Child.	Mr. Weguelin.
Mr. E. T. Hamilton (Salisbury).	

Thursday, 22nd July 1869.

Ordered, THAT the Committee have power to Report the Minutes of Evidence taken before them to The House.

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R E P O R T.

THE SELECT COMMITTEE on the TELEGRAPH BILL have considered the said Bill, and taken Evidence thereon, which they have agreed to report to the House ; and have examined the allegations of the Bill, and found the same to be true, and have amended the Bill in accordance with the Order of the House of the 9th instant, and have gone through the Bill, and made Amendments thereunto.

22 July 1869.

PROCEEDINGS OF THE COMMITTEE.

Thursday, 22nd July 1869.

MEMBERS PRESENT:

<p>The Marquis of Hartington. Mr. Ward Hunt. Mr. Baines.</p>		<p>Mr. Laird. Mr. Weguelin. Sir Smith Child.</p>
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The Marquis of *Hartington* was called to the Chair.

Preamble read the first time.

Counsel:—Mr. *Denison*, Q.C., and Mr. *Simpson*,

Agents:—Messrs. *Wyatt & Co.*

The following Petitions were read:

1. Henry Wilde.

Counsel:—Mr. *Webster*, Q.C.

Agents:—Messrs. *Sherwood & Co.*

2. Falmouth, Gibraltar, and Malta Telegraph Company, and British Indian Submarine Telegraph Companies (Limited).

No Counsel appeared in support of this Petition.

Agents:—Messrs. *Dyson & Co.*

3. Submarine Telegraph Company between Great Britain and the Continent, and the Submarine Telegraph Company between Great Britain and France.

No Counsel appeared in support of this Petition.

Agents:—Messrs. *Darlington & Co.*

4. H. H. Nicholls.

No person appeared in support thereof.

Mr. *Denison* was heard to open the case in support of the Preamble.

Mr. *Frank Ives Scudamore* examined.

On the question, "What chance has any private individual, if the Government are going to carry private messages, of competing with them for private messages?" being put in cross-examination,—

Mr. *Denison* objected to the question being put.

Mr. *Webster* was heard in support of his right to put the question.

Mr. *Denison* was heard in reply.

Room cleared.—The Committee deliberated.

The Committee determined that this question might be put.

Mr. *Richard Spelman Culley* examined.

Mr. *Webster* was heard to address the Committee in support of the Petition of H. Wilde, and called—

Mr. *Henry Wilde*, examined.

Mr. *Frank Ives Scudamore* recalled, and examined by the Committee.

Preamble read a second time.—Amendment proposed in line 22, to leave out from the word "order" to the word "to," in line 23—(Mr. *Hunt*).—Question, That the words proposed to be left out stand part of the preamble—put, and *negatived*.—Another Amendment proposed, in line 26, after the word "should," to insert the words "within the limits

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limits hereinafter named"—(Mr. *Hunt*).—Question put, That those words be there inserted.
—The Committee divided:

Ayes, 4.
Mr. Hunt.
Mr. Baines.
Mr. Laird.
Sir Smith Child.

Noe, 1.
Mr. Weguelin.

Question, That the Preamble, as amended, is proved—put, and *agreed to*.

The Committee went through the Bill, Clause by Clause, and made Amendments.

Several new Clauses added.

Schedule considered, and *agreed to*.

Ordered, To Report the Bill, as amended, together with the Minutes of Evidence, to the House.



LIST OF WITNESSES.

Thursday, 22nd July 1869.

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MINUTES OF EVIDENCE.

Thursday, 22nd July 1869.

MEMBERS PRESENT :

Mr. Baines.
Sir Smith Child.
Marquis of Hartington.

Mr. Hunt.
Mr. Laird.
Mr. Weguelin.

THE RIGHT HON. THE MARQUIS OF HARTINGTON, IN THE CHAIR.

Mr. FRANK IVES SCUDAMORE, Examined by Mr. Denison.

1. You are the representative of the Post Office in this matter?—Yes.

2. Last year when the Bill was before the Committee there was no intention of obtaining a monopoly of the telegraphs such as is now proposed?—No.

3. The question was not raised by any of the opponents?—The question was discussed in the Committee, but it was not raised by any of the petitions.

Chairman.] It was not raised by the opponents, because it was not proposed by the Bill to take the monopoly.

4-5. *Mr. Denison.*] Just so; it was discussed in the evidence; you, I remember, gave some evidence upon the subject, and stated that it was not proposed to take a monopoly?—I did.

6. This year, whether from a change of masters or something else, I do not know, it is proposed to take a monopoly?—Yes.

7. That being a public question, I do not know that I ought to ask you any questions about it; I ought to take that as part of the principle of the Bill which the House of Commons has affirmed, at any rate till we hear what Mr. Webster says about it; now, with regard to what Mr. Wilde's own claim, you have read his petition?—I have.

8. Does it appear to you that the introduction of the monopoly clause will affect Mr. Wilde's interests?—No.

9-10. Will the Post Office be as good a customer for Mr. Wilde as he could have had if this Bill were not passed?—Yes.

11. I must put these questions in the dark, because I do not know his arrangements, but we will assume that he has reserved something to himself after 1870; have you gone into the question as to subterranean telegraphs against aerial?—I have endeavoured to ascertain whether his

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patent could be used by us, and I have been informed it could not.

12. You have already made an arrangement with the three great companies?—Yes.

13. Therefore you had the advantage of such assistance as their engineers could give you?—Yes.

14. Have you consulted them upon the subject?—I have consulted the engineer of the Electric and International Telegraph Company.

15. Have you been advised by the engineer of the Electric and International Company that this question of subterranean telegraph against aerial telegraphs has occupied their attention for a long time?—I have.

16. What conclusion have you come to upon consulting with the Electric and International Telegraph Company's engineer?—I have come to the conclusion that there would be no practical advantage in the adoption of Mr. Wilde's system.

17. Do you believe that the reservation of Mr. Wilde's rights in the patent of December 1863 is of any practical value at all?—I do not.

18. Is it a thing which you conceive to be capable of being arbitrated on at all?—I do not see how the arbiters could attach any value to it.

19. Was I right in saying that the Post Office would object, in the public interest, strongly to have any recognition of, I will call it an imaginary right of that kind, inasmuch as it is only a right to a patent, which has been for six years unworked by anybody?—Yes, we should strongly object to that.

20. It would bring upon you a great number of claims, which would expose you to great cost in trying them, and might possibly expose you to great cost in arbitration?—I can see no limit to the number of claims which would be brought upon us.

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21. Every

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21. Every single patentee, whose patent was unexpired, might make a similar claim upon you?—Yes.

22. Some of Mr. Wilde's patents are worked by the Globe Company?—Yes.

23. The Globe Company have already made a claim upon you, under the Act of last year, to purchase their undertaking?—They have.

24. That arbitration will, in the common course of things, go on?—Yes.

25. Will the railway companies still remain in existence with the power of telegraphing under the Act of 1868?—By the Act of last Session a separate system is to be set apart for railway business which will be worked by the railways.

26. If it should turn out that Mr. Wilde's patent after 1870 is anything that he can legally part with, he will be able to make an arrangement with the railway companies for the use of it during the remaining seven years?—Yes.

27. When I say railways, I mean canals also?—Yes, and every individual who wishes to set up a private telegraph.

28. This Bill only prohibits the working of telegraphs for profit?—Yes, the transmission of public messages.

29. Mr. Wilde states in his own petition or in one of the letters, I think in both, that his system is to lease to persons and companies the power of telegraphing from public offices to other public offices; that would not be carried on for a profit by them, so that he would still be able to do that consistently with the passing of your Bill?—Yes.

30. So that if his system is worth anything, putting aside the subterranean one if the other is worth anything, he would have an ample number of persons to deal with besides the Post Office from 1870 to 1877?—Undoubtedly.

31. The three great companies have made no arrangements with him?—No.

32. From information you have had from them, they were not at all likely to make arrangements?—No.

33. Therefore he will still have the same parties to deal with; the railway companies and canal companies, and he will have you as a substitute for the Globe Company?—Yes.

Cross-examined by Mr. Webster.

34. Do you think Mr. Wilde or any single inventor would have much chance, after this monopoly Bill passed, of getting his invention introduced except through you?—If his instrument were of value, I think he would have a fair chance of getting it introduced.

35. You are probably aware of the enormous difficulties which every inventor has in getting an improvement introduced?—No doubt there are difficulties.

36. The difficulty of getting an invention introduced is the greater, the greater the improvement, frequently?—I am not prepared to admit that.

37. I presume a great improvement displaces a great amount of existing capital and machinery, or may do?—It may do; it does not always do that.

38. Has your attention been sufficiently directed to the subject of the difficulties that inventors have to deal with, to know that it very rarely happens that a useful invention can be

introduced till nearly towards the end of the term of the patent?—That is not within my knowledge at all.

39. Do you mean to say that you know of no such cases?—I call to mind no such cases.

40-41. I think Sir Charles Wheatstone may be generally looked on as the father of the present system; he had a good deal to do with it?—Undoubtedly.

42. Probably companies have been a good deal advised by him, or by those brought up in his school?—I cannot say whether they have or not.

43. He was called as witness, was he not, on the Bill last year?—Yes.

44. Did not he, on that occasion, express his opinion, at Question 1084, that he had not the least faith in telegraphy without wires and poles?—I do not recollect his saying so; you have the book before you.

45. Q. 1084. "You have no faith whatever in telegraphy without wires and poles? A. Not the least?"—Yes; I believe he said that with reference to a proposition to transmit messages without any conducting medium whatever.

46. I believe the general system (of course there are exceptions) is wires on poles?—Yes.

47. That was the system first introduced, and that is the system which has been mainly adhered to?—I do not know whether it was the system first introduced. I know they tried subterranean communication at a very early date.

48-49. The subterranean communication which was tried consisted of wires insulated in gutta percha and asphalte, and things of that kind?—I cannot answer that question.

50. At all events, whatever was the system then tried, the system of wires on posts has been substantially adhered to?—Undoubtedly.

51. I think Mr. Wilde's system is placing wires, such as are now placed on posts, in a certain combination sustained on porphyry or earthenware sections of cylinders, as shown in that tube?—That Mr. Wilde has explained to me as his system.

52. In fact it is a system for transferring the wires now on posts on to proper insulators in tubes?—Yes.

52*. I think, in the evidence of last year, you yourself were opposed to any legal monopoly?—I gave certain reasons for thinking that we did not require a legal monopoly.

53. But you not only thought that you did not require a legal monopoly, but you thought that a legal monopoly was a bad thing; at Question 127?—Yes, I remember saying that I thought a legal monopoly might lead us into some difficulties.

54. You said this: "In fact, on the whole, I am inclined to think that a legal monopoly would be a disadvantage instead of an advantage to us. If we had it, inventors and patentees of improvements, or so-called improvements, in telegraphic instruments and apparatus, would have to look to us, and to us only, for the use of their inventions, and even if those inventions were worthless, they would be able to make a strong appeal to us to try them, because there would be nobody else who could try them; but, on the other hand, if we had not the legal monopoly, and we declined to try inventions of real merit, the inventors would have some chance of finding others to carry them out. Q. With regard to improvements, do you think that the Government would be less likely to take up any known and

and real improvements in telegraphic instruments than the companies would? *A.* On the whole, I think that the Government would be more likely to take up new improvements. In one respect we should be on nearly the same footing as the telegraphic companies have been with regard to improvements. When a telegraph company has had a large amount of capital locked up in any particular kind of instrument, it has naturally hesitated to employ another instrument, even although it might have great superiority over the existing one; and the Government, to a certain extent, would have the same disinclination, but the disinclination would not be quite so strong, because the companies have to find a dividend, and a good dividend, for their shareholders, whereas the Government need only make its system self-supporting. But there is another reason why I think that the Government would be more likely to take up new improvements, and that is, that no pressure whatever can be put upon a commercial company to adopt any particular instrument, however good it may be. They have always this answer: 'We do not want it, and we will not take it.' But any amount of pressure could be put upon the Post Office, through Parliament, to use a new instrument, if it is one of acknowledged merit." Probably you adhere to that opinion now?—Entirely, subject to a slight modification of my first answer; in my first answer I said, we should be the only people who could use these inventions. I ought to have remembered at that time that the railway companies would have the facilities which they now have.

Mr. Denison.] No; that was altered afterwards.

Witness.] However, I must make that alteration now.

55. *Mr. Webster.*] There is that alteration in the state of things that existed last year: railways are to work their own messages?—It was arranged last year that railways were to work their own messages, but as *Mr. Denison* says, not exactly at the time I gave that evidence.

56. Under the present system, you will have the railways working their own messages, and the Post Office working public messages?—Yes.

57. It was recommended last year that there should be a division between public messages and railway messages?—Yes; the railway messages are messages on the business of their trains; it is the railway signalling which it is necessary to carry on to secure the safety of the passengers who travel; but it is carried on in the same way as the public telegraphy.

58. I will call your attention to Question 1030, to *Sir Charles Wheatstone*, "Will you give us your opinion as to the desirability of the telegraphy for the railway and the telegraphy for the public being conducted upon the same wires, or upon different wires? *A.* My opinion is, that the railway system and the telegraphic system generally should never be mingled together. It has been necessary, perhaps, in the present state of imperfect development of the telegraph, to do so now and then; but in my opinion, the telegraphic system will never be complete until there is a total separation between the two interests, and the only agreement which should hereafter exist between the Government and the railway companies should be for way-leaves for the right of

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placing wires upon their lines"?—Yes; that is the arrangement that has been carried out.

59. On this question of monopoly, you are asked this question (2470), "You thought that the public would have more confidence if it were not a monopoly? *A.* Yes; I think that the public would always be able to say to themselves, 'The Post Office has got no monopoly; but if it does not do its work well, it is in our power, at all events, to get up something.' And, again, if we had a legal monopoly, we should shut every door but one, that is, our own door, to all inventors; and every inventor then, even the gentleman who proposes to carry messages without any wires at all, would be perpetually coming to us, and saying, 'You must try our system, because you are the only people who can try it.' *Q.* On the other hand, the stimulus would be removed, to a certain extent, for entertaining discoveries, or, if you had no legal monopoly, you would have the answer ready for everybody, 'Go and try elsewhere'? *A.* You may be quite sure that we should always be ready to try any good invention, because we should always save money by doing it." Then Question 2476: "So that you will have in this way the advantage of monopoly without its responsibility? *A.* We think that there would be another disadvantage in a legal monopoly; if we had it, and if anybody attempted to infringe it, we should be bound by law to prosecute, and I think that that is an extremely disagreeable duty to be imposed upon a public department, and one that I should be very sorry to have the responsibility of." Those were your reasons then; you probably adhere to those reasons now?—Yes, I do.

60. The present Bill, in fact, would give you that monopoly, which you thought last year you might do well without?—Yes.

61. You have purchased, I think, what was called *Wheatstone's Company*; the *Universal Private Company*; the *A B C Company*, as it was called?—Yes.

62. Are you aware that they have telegraphs at *Manchester*?—Yes.

63. And, I think, strictly private telegraphs; that company was introduced with the view to carry out the private system?—Yes; but they have a small public trade in the *West Highlands*.

64. But so far as *Manchester* was concerned, it was essentially a private company?—Essentially.

65. At Question 1147, you are asked this: "The *Universal Telegraph Company* is a company formed for commercial purposes, and expecting dividends? *A.* Yes; the principal object is to furnish public offices and private establishments with private telegraphs." That, I think, was so?—Yes; the only public trade they had was in the *West Highlands*, in *Cantyre*.

66. At Question 2529, you are asked, "Have you arranged with the *Universal Private Telegraph*? *A.* Yes. *Q.* Are you aware that they afford facilities to private individuals and manufacturers to have telegraphs? *A.* Yes; and we should do so as well. *Q.* There would be no diminution of those facilities? *A.* No. *Q.* So that any private individual along a line of railway would be able to obtain permission from you to connect a wire with his own manufactory or house? *A.* Undoubtedly; we should continue to carry on precisely the trade that they do. *Q.* You would be able to carry on the trade much cheaper than they do, having your wires everywhere, whilst they have not wires in every direction?

A 2

A. Yes;

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A. Yes; and we should also be able to carry it on much cheaper, for this reason: they employ Professor Wheatstone's A B C instrument, and the price is rather high, because, of course, they only have a small number of them; but we know that, taking the instruments in the quantities in which we should want them, we should get them at a considerably lower rate. Q. You would still be able to make use of that instrument? A. Undoubtedly." Probably you adhere to that opinion now?—Yes.

67. This is the class of instruments (*pointing to an instrument*), the A B C instrument?—Yes.

68. You produce the magneto-electricity by the foot, and work these letters by it?—In Sir Charles Wheatstone's instrument it is not produced by the foot, but by the hand.

69. In Sir Charles Wheatstone's instrument you produce the magneto-electricity by turning with the hand, and work the keys with the fingers?—Yes.

70. In this instrument of Mr. Wilde's you produce the electricity by a treadle, and you have both the hands to work the instrument?—Yes; but you require both your hands; you do not in Wheatstone's.

71. In this you use one foot and two hands; whereas in Wheatstone's you use two hands?—You use one hand to turn the handle, and one to work the keys; but here you want two hands to work the keys, and the feet to turn the treadle.

72. So far as regards the A B C system, that meaning one which anybody could read, the two are in that respect the same?—Yes, as far as the indicators and the dials are concerned.

73. The title "A B C" was given to it as against the symbolical system, where you have symbols indicated by a number of vibrations, as described in the evidence of 1868?—Yes.

74. To go back to Manchester; are you aware that at Manchester the wires are carried over the houses, and that Sir Charles Wheatstone's system was introduced there by the renting of instruments?—Yes, renting the instruments, and, I presume, paying a rent for the wire also.

75. The basis of that operation was rental?—Yes.

76. Are you aware that the basis of the Globe Company's operations was not rental, but selling itself out and out?—I am not aware.

77. Generally, do you know that, that so far as there was a contest between the two systems commercially, the Universal Company's system was rental, and the Globe Company's system was sale out and out?—I know that the Universal Telegraph Company's system was rental; I do not know what the Globe Company's system was.

78. You do not know that the general system of the Globe Company was sale out and out?—No, I do not.

79. Are you aware that there was a great deal of competition in Manchester between those companies?—I cannot say really.

80. Do you know to what extent the instruments were sold and adopted in Manchester and the neighbourhood of Manchester?—I know the Universal Private Company has a considerable business in Manchester; I do not know what business the Globe Company does.

81. Do you concur in the opinion expressed by Sir Charles Wheatstone that it would be almost hopeless for any company to work against

the Government?—It would depend entirely on the nature of the tools the company worked with. If they were superior to those of the Government, I think they would beat the Government.

82. Looking at the difficulty there always is in introducing new inventions, do you really seriously think that there would be any chance for a company to get on, or for a private individual to live against the Government starting *de novo* now?—In the case of instruments adapted for such a trade as the Globe Company were carrying on, I think a company might compete against the Government if it had superior instruments.

83. Mr. Denison.] You mean for private purposes?—Yes.

84. Mr. Webster.] You think that could be done under what we call the monopoly system, which you are introducing by this Bill?—Yes, because we do not ask for a monopoly of private telegraphs.

85. But you are going to carry private messages?—Undoubtedly.

86. Therefore, the Government would be doing exactly what was done by the Universal Private Telegraph Company as regards private messages.

Mr. Denison stated that this Bill was only complained of as a monopoly Bill, and submitted that the question of competition having been settled last year, Mr. Webster could not re-open that question.

87. Mr. Webster.] Under the Act of last year, in point of law, there might have been competition for public messages?—Yes, for public messages.

88. And private messages also?—Yes; and there may be competition for private messages still.

89-90. But not for public messages?—No.

91-2. The Wheatstone Company at Manchester, for instance, carried both public and private messages?—Not at Manchester; their only public trade was in the West Highlands.

93. Do you think, supposing this Bill should pass, a company would have a trade which would compete successfully with the Government for private messages, unless they could also have private messages?—Yes; I do not think the possession of the public trade gives the Government any additional facilities for carrying on the private trade.

94. What right would an individual have for the carrying of private messages to attach his instrument to the Government wires?—None whatever, unless the Government gave him permission.

95. A person, who was sending private messages in competition with the Government to the same place, must make his own terms with the Post Office for attaching his instruments to their wires?—He need not use our wires; in fact, it is extremely improbable that he would; for private business of this sort the wires must be distinct; there must be distinct wires between each man's house and his office; the instrument connected with that can work no other wire; he would have just the same facilities after the Government had commenced private business as he had before.

96. The Post Office would have distinct wires for the private business, distinct from the public business?—Necessarily they must have it so.

97. In

97. In that respect, the two systems would be identical?—Yes.

98. Have you experienced increasing difficulty in getting wires over towns?—I have never begun the work yet; what my difficulties may be I have yet to learn.

99. Do you happen to know what is the state of things in the suburban districts, as regards getting wires across in the air?—I believe there is very little difficulty indeed.

100. Private gentlemen do not object?—I believe not.

101. You do not know the state of things in Manchester, for instance?—I know that the way-leaves paid by the Universal Private Company are extremely small, therefore I apprehend the difficulty is very little.

102. By way-leaves, you mean air-leaves, or leaves for going over the tops of houses?—Yes, over the house tops: house-leaves.

103. Last year you expressed this opinion: at Question 2461, you were asked whether there were any other companies to come against you, and you said there was one called the Globe, but you thought their powers had expired?—I was under that impression at the time.

104. At that time you knew of no other but the Globe, and you thought that their powers had expired?—I knew of two others, but I thought they were all dead.

105. Have any others turned up since?—Yes, two others, with which we are in communication.

106. Which are those?—Bonelli's and the Economical.

107. Those are the only three, so far as you know, before you?—The only companies incorporated by special Act.

108. Did you understand that the Globe Company had only power to send private messages and not public?—That was my impression.

109. That is not the fact, is it; under the Act of Parliament they have general powers, have not they?—I was under the impression that they were incorporated for private business only.

110. The Articles of Association might have limited them to private business?—They got the Act of 1863 incorporated with their Act; I suppose that opens to them public business.

111. Having the Act of 1863 incorporated with their special Act gave them powers for public messages?—Yes.

Mr. Coates stated, that he proposed to cross-examine the witness on behalf of the Falmouth, Gibraltar, and Malta Company, and the British Indian Company.

Cross-examined by Mr. Coates.

112. I believe we are nearly agreed, and, certainly, I am not going to weary the Committee needlessly, but this Bill gives you the monopoly of transmitting messages within the United Kingdom, does it not?—Yes, it gives us the monopoly of messages transmitted from one place in the United Kingdom to another place in the United Kingdom.

113. I wish it were so, but it is not so; if you intend that, I daresay you will amend your Bill to that extent; are you prepared to make any provision for this case. A foreign telegraph company, for instance my clients, lay their cable to the shores of Great Britain; the monopoly

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will prevent them from transmitting those messages within the United Kingdom; are you prepared to make such arrangements on the part of the Post Office as would enable those messages to be transmitted?—I think the Postmaster General would be bound to make arrangements for the collection and transmission to the starting point of any such cable, of any messages which the public may desire to send over his wires to that cable.

114. Mr. Hunt.] What you want is this: that when your messages arrive on the shores of the United Kingdom, they shall be punctually transmitted?—

Mr. Coates.] Just so.

Witness.] That is fully intended.

114*. Mr. Coates.] Without favour or affection?—Certainly without favour or affection. We shall throw upon the public the favour or affection. They must say by which route, if there are alternative routes, they wish their messages to go.

115-16. I mean that the terms which the Post Office will make with the foreign companies shall, in like circumstances, be the same?—Certainly.

Re-examined by Mr. Denison.

117. My learned friend, Mr. Webster, began about Professor Wheatstone advising most of the companies. The Globe Company have not been advised by Professor Wheatstone?—No.

118. They have been rather his antagonists?—Yes.

119. And you, having bought up Wheatstone's Company, the Universal Private Company, you have now a demand to buy up the Globe Company, which demand you are acceding to?—Yes.

120. Does not that seem to solve the question as between the Globe Company and Wheatstone's Company?—I think it does.

121. I will not read the questions referred to in the evidence of last year, but have you altered your opinion upon any of those points. For instance, there was Question 128, which my learned friend read to you. Perhaps without quite seeing where he was going, you said the Government would be more likely to take up any improvements than the existing companies; you probably still think so?—My opinion is stronger now than it was then. I think the public would compel us to do so.

122. One word more about the Globe. I do not know what the Act of Parliament authorises them to do, but, in point of fact, are they doing any public telegraphy?—None.

123. There is no mistake about that?—No.

124. They are, in point of fact, a private telegraph company?—Yes.

125. And as such they would be arbitrated upon with reference to what they are doing, and have been doing; that is so, is it not?—Yes, that is so.

126. Under the Act of last year private people, the Globe Company, or Mr. Wilde, would have had no more and no less power to connect with your wires than they have at present?—Not in the least.

127. As to giving licenses, the power and motive, and interest, would be just the same

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Mr. F. I. Scudamore. under the Act of last year as under the Act of this year, as regards private messages?—Undoubtedly.

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128. Sir *Smith Child.*] Have you seen the claim which the Globe Company have made?—I have.

129. I presume that includes the value of all their property, and their prospective privileges?—It does.

130. Have they not practically a monopoly of Mr. Wilde's patent?—They have a monopoly of it till the year 1870, and then they have a right to acquire a further monopoly for seven years, upon arbitration terms.

131. Then up to the end of 1870, they have the exclusive right to claim the use of Mr. Wilde's patent for the remainder of his patent?—Yes.

132. They have a right of refusal, in fact?—Yes.

133. Mr. *Hunt.*] Under the Act of last year, you will step into the shoes of that company, as far as regards Mr. Wilde's patent?—Yes; when we buy their rights, we shall buy such privileges as they have from Mr. Wilde.

134-5. Sir *Smith Child.*] That being so, has Mr. Wilde the right to sell that which the Globe Company have the refusal of now?—I do not think Mr. Wilde has anything to sell.

136-7. I asked whether the Globe Company had not the actual refusal, and whether they could not claim up to the end of 1870 the right to buy the remainder of Mr. Wilde's patent?—I believe that is so.

138-9. If so, that will give them the exclusive right to that which Mr. Wilde had got to dispose of?—Yes.

Mr. RICHARD SPELMAN CULLEY, called ; Examined by Mr. *Denison.*

Mr. R. S. Culley.

140. I BELIEVE you are Electrician to the Electric Telegraph Company?—I am the Engineer.

141. Have your company been directing their attention to the question of subterranean telegraphy for a long time?—Yes.

142. Are they thoroughly acquainted with Mr. Wilde's patent, as disclosed by the specification?—No; as far as I know, it has never been before our company; I am not aware that it has.

143. Surely you know it, because you reported upon it; you know the nature of it, do not you?—Yes, I have seen it.

144. You made a report to the Post Office upon it?—Yes.

145. Are you at all surprised at his patent having been left now, ever since 1863, without being made any use of, even by the Globe Company?—Not in the least surprised.

146. I will take your opinion, subject to my learned friend's attempt to shake it; do you believe that any such system can be practically worked as against the aerial one?—I think not.

Cross-examined by Mr. *Webster.*

147. The subterranean systems that have been tried hitherto have been systems in which the wires were insulated in gutta percha, and such things?—Yes; the system which has been hitherto tried has been that of continuous insulation, as contrasted with insulation only at certain points.

148. The wires have been insulated wires, that is, wires insulated in gutta percha, or some other insulating substance, laid in the ground in ropes, or in tubes, or otherwise?—Yes.

149. You were examined before the Committee last year?—Yes.

150. At No. 934 you are asked this question: "I take it from what you have said, that it is your opinion that no system is likely to come into use within a comparatively short time that would dispense with the use of posts and wires? A. I do not think it is possible; in fact, I know it is impossible"?—Yes.

151. And you adhere to that opinion now?—Yes; but may I explain what that means, for I think there is a little confusion about it. That answer was given in reference to a proposition of Mr.

Haworth's, who patented a system of working without any electrical conductor at all; working without any wires, whether aerial or subterranean. It is not a question of posts and wires, against wires buried in the ground, but a question between working with wires and without any wires at all.

152. Sir *Smith Child.*] Merely by earth current?—Not by earth current, or by any method known to electricians. He professes to have discovered a plan which amounted to this, I think; you had a galvanic battery placed in this room; you got the exact direction of New York; you placed this apparatus so as exactly to face New York; you had another apparatus at New York, placed so as exactly to fix this room, and the message would go from here to New York. It seemed to be almost equivalent to telling the message where to go; it was quite as absurd a plan as that. It was with reference to a plan of that sort, that I gave the answer the learned counsel has just read.

153. It was mere theory?—I can hardly tell what it was, without it was a scheme to get up a company.

154. Mr. *Denison.*] It went so far as a patent?—It was patented; I could not understand what it meant.

155. Mr. *Webster.*] I believe for small distances it succeeded?—Certainly not.

156. Not for small distances?—Certainly not, not for any distances.

157. Not across the Serpentine?—Not this plan of Mr. Haworth's.

158. I will not limit myself to Mr. Haworth's; but for small distances, have they not been able, by laying a certain amount of wire on the earth, to send messages across the water without any wire at all?—That is perfectly true; but a wire was used there.

159. Not across the Serpentine?—But a wire was used from one point on the shore of the Serpentine, to another point on the shore of the Serpentine.

160. Without going into this visionary matter of Mr. Haworth's, or any other person, according to your experience no subterranean system has answered hitherto as against the aerial?—I have not said so; and I do not think so; my answer there had no reference to the subterranean system

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system *versus* the aerial system; but to a system with wires, as against a system without wires.

161. I ask you now, having reference to the subterranean systems that have been tried, are you of opinion that the aerial system will live against the subterranean still?—Not if a cheap system of subterranean wires can be found. It is merely a question of expense; there are a few other points; but a subterranean system would be excessively useful.

162. I may take it that a subterranean system would be excessively useful?—Yes.

163. Do you know of any subterranean system like Mr. Wilde's, as shown in that model, having been tried?—I do not know that that has ever been tried. I am not aware of its having been tried.

164. Of course, a trial of that system would involve considerable expense; a trial on a large scale would involve considerable expense?—Am I to take that as the system you mean; that model there?

165. Yes?—Yes, it would.

166. And probably would not be likely to be resorted to, so long as the existing posts and wires of the aerial system were in a workable condition?—I am sure if there were any value in it, it would have been tried long since; we are constantly using subterranean wires in London. It is not more than two years since I put down two miles of 40 wires, and I should have been very glad to have used a cheaper system, if I had had it.

167. Those were insulated wires?—Those were insulated wires; we want a cheap system of subterranean wires.

168. A cheap system of subterranean wires is a great desideratum?—Yes.

169. Have you had any experience of the difficulty of getting across Manchester or other towns with posts on houses?—We never use posts on houses if we can use subterranean wires, except where we have only one wire, and there it would not pay to lay a subterranean wire.

170. There is an increasing difficulty, is there not, in dealing with towns; in getting across towns?—Over houses?

171. Yes?—Yes; and there will be more and more difficulty as the wires increase, of course.

172. The constant reparations, and so on, that are necessary, are very objectionable to the persons in the houses?—I have less experience almost than any engineer upon that; we have never used them; we have preferred the underground wires; we do not use the others; we have never liked them.

Re-examined by Mr. Denison.

173. Although you have a large experience of underground wires, do you think that this system would be a cheaper system than that which you use?—I do not think it would work for our purpose for anything like a long distance; it might work for a quarter, or half a mile, or even more than that. I have not been acquainted with that system (*pointing to the model*) for more than two days; I saw it only two days ago, but the system of discontinuous insulation, that is to say, threading wires through insulators like those, has been familiar to me for I do not know how long; I have no recollection of the time when the idea was new to me.

[The Witness withdrew.]

MR. HENRY WILDE, Examined by Mr. Webster.

174. I BELIEVE you are the Petitioner in this case?—I am.

175. Have you spent many years on the subject of electric telegraphs?—I have.

176. And I believe you have taken out several patents?—Yes.

177. When did you first turn your attention to introducing your telegraphs into use?—About nine years ago.

178. What was the first step you took?—I took out several patents in connection with telegraphs, and I took some steps towards the formation of a company for working the patents.

179. Did you find considerable difficulty in introducing the inventions?—Very considerable.

180. Where did you commence business?—In Manchester.

181. Was there any other company then carrying on business, in either public or private messages in Manchester?—There was the Universal Private Telegraph Company.

182. What was the system they adopted?—That company worked Professor Wheatstone's patents.

183. Did they rent or sell the instruments?—The instruments, I believe, were generally rented.

184. What system did you adopt?—We executed contracts for a specific sum, generally.

Mr. Denison submitted that the agreement should be produced.

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185-6. Mr. Webster.] I will ask the witness to produce it, if you like. (To the Witness.) Before you made the agreement with the Globe Company did you introduce any system for telegraphs in Manchester?—Yes.

187. What was that?—We began to erect telegraphs a little before the company was formed.

188. Did you adopt the system of rental, or the system of selling out and out?—The system of selling out and out.

189. Was that a different system to that which you then found to be in existence?—Somewhat.

190. How did you manage to get over the houses?—We had very great difficulties in getting over the houses; the owners objected very strongly to the men going on their premises; damage was done to the roofs, and in the suburbs of Manchester we found it almost impossible to take the wires over the houses.

191. How did you get the wires up at all?—We had to apply for an Act of Parliament.

192. Previously to applying for an Act of Parliament, did you come to an agreement with the Globe Company?—Yes.

193. Will you produce that agreement; I think a resolution was passed by the Globe Company?—Yes.

194. Had you any agreement with them in point of form?—Not in point of form; we have been working under the agreement.

195. Was it a resolution by the Globe Company?—A resolution by the Globe Company.

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196. Mr.

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196. Mr. Denison.] Where is that resolution; have you got it here?—I believe my solicitor has it.

197. You have not the books of the Globe Company?—I think we have the book of the company.

198. Mr. Webster.] Is that the resolution under which you are working (*handing a paper to the Witness*)?—It is.

199. "Resolved,—That the directors be recommended to acquire exclusive licenses for a term of seven years, for the manufacture and sale of instruments constructed according to the several patents held by Mr. Wilde, and numbered and dated respectively as follows: No. 858, 8th April 1851; No. 1,994, 10th August 1861; No. 3,240, 3rd December 1862; No. 1,200, 13th May 1863, and also an exclusive license for the patent No. 516, 25th February 1863, so far as such patent can be applied for working alphabetical dial telegraphs for the purposes of the company; also a general license for the residue of the term during which such patents are in force, for the sum of thirteen thousand pounds sterling; one half of the purchase-money to be paid in cash, and the other half in shares, acknowledged to be fully paid up; the company being at liberty to purchase, for the remainder of the term, the exclusive use of the above-mentioned patents upon such terms as may be mutually agreed upon by Mr. Wilde and a gentleman appointed by the directors, and, in case of disagreement, an umpire to be appointed, whose decision shall be final." That is the resolution under which you are working?—Yes.

200. You never had any other agreement?—Those are matters which I have left in the hands of my solicitor.

201. Mr. Denison.] You know whether there is an agreement or not, surely?—That resolution has been acted upon.

202. Surely there has been something else in writing?—Only by resolution.

203. Another resolution?—There has been a resolution confirming that.

Mr. Denison.] We must have the whole of it; the title seems to be in a very hazy state.

203*. Mr. Webster.] As regards this payment in money, have you received any of that?—I have not.

204. Have you had any shares allotted to you?—Yes.

205. The Globe Company obtained an Act of Parliament, and you have been putting up instruments since?—Yes.

206. Have you found great difficulties in competing in Manchester with the telegraphs?—As I mentioned before, we have experienced considerable difficulty.

207. For instance, you have had to compete with the Universal Company?—Yes.

208. Do you think you would be able to carry on private business, the Government carrying both public and private messages?—There is no doubt that, with the Government competition, we should find it very difficult.

209. As regards this underground system, which you have sought to introduce, assuming the Government should have this monopoly, what field would you have for introducing the underground system which was the subject of your further patent?—It would rest entirely with the Government to adopt it. Of course I should

have no other field if the Government acquired the monopoly.

210. Is there extreme difficulty in introducing an invention of that kind, which interferes materially with an established system?—Very considerable difficulty.

211. We have been told that six years is a sufficient period to have got it introduced; what is your experience of that?—My experience of inventions of that character is very different.

212. What is about the cost of the posts system?—The posts system will range from 30 l. to 40 l. per mile for a single wire.

213. How many wires can you put on a post under ordinary circumstances?—About six wires I should think.

214. What would be the extra cost of a wire and post telegraph?—About 8 l. or 10 l. per mile.

215. What may we take as the average cost of a post telegraph carrying six wires?—About 80 l. per mile.

216. What is about the average duration of the posts?—Perhaps 10 years.

217. In your system, I understand, you propose to insulate the wires in insulators in tubes?—In tubes; in pipes similar to those that convey gas and water.

218. What would be the cost of that per mile?—It would depend on the number of wires in the pipe; with about 60 wires, the cost would be about 26 l. per mile per wire.

219. What would be the relative cost of the two systems?—That would be much more expensive; I am not prepared to give you that at once.

220. As regards durability, how would it be?—As regards durability, when that system was laid the maintenance would be nominal.

221. Do you agree with the last witness that the subterranean system is a great desideratum?—I do; I think it indispensable, if telegraphic communication is to be extended in the suburbs, and in rural districts, outlying districts, and between the great centres as well.

222. From your experience in Manchester, do you know that the aerial system is subject to increasing difficulties?—Very great difficulties; in fact I do not think there has been any increase in the number of wires over Manchester for three or four years.

223. In how many places have you introduced your instruments?—Perhaps 40 or 50.

224. Have you introduced them, at Oldham, at the works of Messrs. Platt Brothers?—I have.

225. At Strutt's, at Belper?—Yes.

226. In Sheffield and in Huddersfield?—Yes.

227. And in various other places besides Manchester?—I have.

228. For the next seven years we are told, as appears, in fact, from that resolution, the Globe Company will have the exclusive license?—Yes.

229. And they have the option of taking the exclusive license for the remainder of the time?—They have.

230. Have they as yet come to any agreement with you respecting this other patent?—Not yet.

231. The introduction of the Bill of last year rather suspended operations in telegraphy?—Not the introduction of the Bill of last year; that,

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that, of course, induced us to suspend operations in some respects, but we were not doing a large business, and it cannot be said to have affected materially the amount of business we did.

232. If this Bill should pass in its present form, what do you conceive will be its effect on yourself personally, as regards your reversionary interest in this patent?—If the Government do not make a satisfactory arrangement with the Globe Company, my reserved rights in the patent will be very considerably diminished.

233. Looking at the difficulty of an independent inventor in introducing these things, do you believe you would be able to make them available to any extent in the face of a monopoly in the Government?—Not unless the Government adopt them.

234. Government having, as in the case of the Private Telegraph Company, both public and private telegraphs in its hands, should you think that you would have any chance of introducing private telegraphs as against them, or in competition with them?—I think not.

Cross-examined by Mr. Denison.

235. I should like a little more information about this Globe Company; meanwhile has the book appeared yet?—(Mr. Wood.) It has been sent for.

236. Mr. Denison.] You mean that there is nothing between you and the Globe Company except this resolution and another?—That is as we stand at present; they have been acted on.

237. I say that there is nothing between you and the Globe Company except this resolution and another?—Not beyond that.

238. You say that you have received no money at present from the Globe Company?—None.

239. You had a lot of shares assigned to you which are reckoned as paid up?—Yes.

240. How many, or representing what amount?—About 6,500 *l*.

241. Has any dividend been received on them?—No.

242. Probably the shares are not quoted in the market at all?—They are not.

243. Who manages the Globe Company?—Myself and my partner, Mr. Low.

244. Yourself and Mr. Low managing the company have not taken any steps to bring into use this patent of December 1863?—Not yet; not so far as relates to the subterranean system; there is one portion of that patent which we have introduced.

245. Which is that?—For an electric light for lighthouses.

246. That does not touch this question?—No; it is not in connection with telegraphy.

247. How long has that electric light portion of the patent been introduced?—Comparatively recently.

248. You had better give us the date?—Our experiments began with the Commissioners of Northern Lighthouses in 1866, and they are just about completing.

249. Under which patent is this machine?—That is 1863; the early patent of 1863.

250. How long has that been in use?—It has been in use since 1864.

251. That did not take long to get into use, then?—No, because it was available at once.

252. Are any of your other earlier patents in

use?—There are three patents connected with this instrument.

253. All in use?—All in use.

254. And they all come into use soon?—Tolerably soon.

255. You have told my learned friend that there are 40 or 50 places at which you have put down these telegraphs; how many actual telegraphs have you put down for anybody?—About 40.

256. When you said 40 or 50 places, you did not mean 40 or 50 towns?—No, 40 or 50 works.

257-8. And they are between different private persons' houses and their other establishments?—Not between the houses, between works generally.

259. Your wires are over-ground wires at present, I suppose?—Yes.

260. How are the Universal Private Company's wires carried?—They are carried over-ground.

261. They carry a great lot in one cable, do not they?—That system has been adopted to a very limited extent.

262. I happen to have been concerned in their arbitration, so that I know more about it than you think; that is their way of doing business, is not it?—Not generally.

263. Do you mean that the great bulk of their business is not done in that way, that is to say, 60 wires within one cable?—The great bulk of their business is not done by cables.

264. How is it done?—By open wires.

265. Over-ground?—Yes.

266. In the air?—In the air.

267. Have they found any difficulty in carrying that out?—I should think very considerable difficulty.

268. Have they been formidable competitors with you?—They have.

269. They have a much larger business than yours?—They have a much larger business than ours.

270. The figure given by arbitration as contained in this Bill, is 183,000 *l*.?—Yes.

271. You have no objection to tell us, indeed it must be registered somewhere, how much of your capital, I mean the Globe, is paid up?—From 1,200 *l*. to 1,500 *l*.

272. How long has that been all paid up?—That has been paid up for several years, perhaps.

273. Most things have been paid up for several years, perhaps?—Four years.

274. I see first it was registered at 700 *l*.?—That was a mere form; so far we have not differed in that respect from other joint stock companies.

275. Your Act of Parliament of 1864 cost you something?—It did.

276. How much?—Nearly on 1,000 *l*.

277. And there is 1,500 *l*. paid up altogether?—Yes.

278. One thousand pounds of that has gone away for the Act?—Yes, about 1,000 *l*.

279. You say that the subterranean mode of telegraphy is a desideratum; if I did not misunderstand Mr. Culley, there is a very large amount of subterranean wires at present?—Yes.

280. What do you mean by saying that it is a desideratum?—Subterranean wires in London, of course, are very peculiar. The system of subterranean wires which I propose to lay down

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is not only for towns, but to connect between one town and another.

281. That is not an answer to my question. I ask you what you mean by saying that a subterranean mode of telegraphy is a desideratum, when we hear from another witness that it is commonly used?—I mean a good system.

282. You mean Mr. Culley's system is not a good one?—It is a good one as far as it goes, but it will not answer for long distances on account of the induction.

283. Is yours used for long distances?—It has not been used at all.

284. Has it not been tried for long distances?—Only experimentally.

285. For what length of distance has it been tried experimentally?—When I say experimentally, I have made experiments with wires under most unfavourable conditions.

286. What length of actual mileage has it been tried on?—It has not been tried on any.

287. Not even by your own company, the Globe?—No.

288. Between no two towns, for instance?—No.

289. You say if Government do not make a satisfactory arrangement with the Globe Company, your rights will be prejudiced; what do you mean by "making a satisfactory arrangement with the Globe Company"?—If the Government do not purchase my rights in my patents connected with the company.

290. Do you mean yourself or the Globe?—The Globe Company have a valuable property in my instruments; in my patents.

291. You know they have given the Government notice to purchase their concern, and the Government must purchase it?—Yes.

Re-examined by Mr. Webster.

292. As regards the Globe, they have the option; you cannot compel them to purchase your rights?—No, not my reserved rights.

293. If they chose to do that, then it may become matter of arbitration; but if they do not, then you will be without compensation?—Yes.

293*. Sir *Smith Child*.] How many shareholders are there in the Globe Company?—I think about 20.

294. Mr. *Weguelin*.] What is the total subscribed capital?—From 1,200*l.* to 1,500*l.*

295. At whose cost have you laid down these various private telegraphs?—My partner and myself have found the money for the company; I may explain, that we were obliged to work these telegraphs as a company, because we had no power to carry wires over towns as private individuals.

Mr. *Denison* was heard in opposition to the clause proposed by Mr. Webster, on behalf of Mr. Wilde.

The *Chairman* stated that the Committee were unanimously of opinion that no case had been made out for the clause proposed by Mr. Webster.

Mr. FRANK IVES SCUDAMORE, called in; and further Examined.

Mr. F. I.
Scudamore.

296. Mr. *Hunt*.] THE Bill of last year, proposed no monopoly in the hands of the Postmaster General?—It did not.

297. You were examined last year on that subject?—Yes.

298. And you stated at Question 126, "So long as we do the work well, with such an organisation as we have, we can defy competition." Are you of that opinion still, or have you modified it?—I still think the Post Office can keep its own against competition, but I have seen reason to think, if we have not the monopoly, we might be subject from time to time to very considerable annoyance, annoyance which would not in the long run prevail over us, but which might for a time subject us to some slight loss.

299. At Question 2464, Mr. *Goschen* asked you, "With regard to the question of legal monopoly, have you given your attention to that?" You say "Yes; and my opinion still is, that the Post Office does not want a legal monopoly. They need not fear competition even in lucrative districts." Are you still of that opinion?—Since the passing of the Bill of last year, I have heard of one or two schemes that were set on foot to pass over most lucrative districts; I do not say those schemes would have succeeded, but probably they would have given us annoyance for some little time; I have heard, for instance, of a scheme to connect the Stock Exchanges of London, Liverpool, Manchester, and one or two other towns in the north by wires, for the transmission of Stock Exchange telegrams only. Supposing such a scheme to have been tried, it might

certainly have drawn away for a time, a portion of our most lucrative business, but I still believe that in the long run, our superior mode of doing business, and the greater sense of security which the Stock Exchanges would have had in Government management, would have enabled us to beat the promoters of the other scheme; I believe, however, that the scheme would have been an annoyance.

300. You think occasions might have arisen in which you might have had to buy off companies who were getting up schemes for the purpose of competing with you?—At least we should have been continually subjected to applications to buy off companies.

301. That is as regards the Post Office themselves, and the protection of the public revenue; now, as regards the public, I wish to direct your attention to Question 2477, and a question or two following, in the evidence of last year:—"With regard to monopoly, the fact of there being no legal monopoly will tend to keep the Post Office up to its work, will it not? A. I think it will. Q. Supposing that there was a manifest improvement in the mode of transmitting telegraph messages, and the Post Office would not adopt such an improvement as would greatly increase the cost of sending messages, it would then be open to any private person or company to start such a thing, if the Post Office was dogged, and refused? A. Yes. Q. And so far, there being no legal monopoly, is the advantage to the public? A. Yes." Are you still of that opinion?—I think that the public would have

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have a slight advantage if we had no legal monopoly, but I do not know that it would be a very material addition to the pressure they can put upon us, when we have a monopoly, through the press and through Parliament. I believe the Post Office to be so much under the pressure of public opinion that it must use any great improvement that is brought out from time to time.

302. Have you seen the notice that I have placed on the paper providing for monopoly for a limited period?—Yes.

303. My proposal is that the Bill should provide for a monopoly in the Post Office for a limited period, say seven years, so that the Post Office would have the opportunity of coming to Parliament and asking for an extension of that term during the term, by which means you would be protected during the term from being asked to buy off companies that might be got up, and at the same time there would be an inducement to you to give the public every accommodation in regard to telegraphic communication; have you considered that?—We should be undoubtedly protected through the term, but we ought not only to be protected through the term, but to be protected against any person claiming compensation when we came for a renewal of the monopoly at the end of that term; that ought to be secured, undoubtedly.

304. Supposing it were provided, first of all, that the monopoly should be for the period of seven years, and it was provided that, in the event of any Bill being introduced into Parliament during such term providing for the extension of the period of enjoyment of, or for the perpetuation of, such exclusive privileges, no person or company should have any *locus standi* to be heard against such extension or perpetuation; would not that be a complete protection to you?—It would be a complete protection to us against any speculator, but I still doubt whether the onus ought to be thrown on the Government of getting a renewal of its monopoly; I am inclined to think the onus ought to be thrown on the public, of taking away the monopoly from the Government, which they could do hereafter even if Parliament were now to give a perpetual monopoly.

305. *Sir Smith Child.*] Parliament could not, in fact, give a perpetual monopoly?—It would be a monopoly during good behaviour, and any succeeding Parliament could take it away, or the present Parliament could take it away.

306. *Mr. Hunt.*] Supposing you had a monopoly for a term, renewable from time to time, at the option of Parliament, it would give the public that advantage which you said they would have supposing there was no legal monopoly, or nearly that advantage?—Yes, undoubtedly it would.

307. Practically you would have protection from speculators?—Yes.

308. So if the public, and Parliament as representing the public, were satisfied that the Post Office was doing its duty, there would be no question about renewing the monopoly?—The Post Office would have one little rod in addition held over its head, but it would be such a small rod in addition to the pressure of public opinion which it already has over its head, that it would not be very much.

309. Are you aware that there is a strong opinion in many quarters against giving Govern-

ment a monopoly?—I have heard that opinion expressed.

310. Do you know the grounds of that opinion?—The general ground is, that a Government entrusted with a monopoly become lazy; but I do not allow that that holds good with reference to the Post Office; it does its work under the eye of the public; it does a work from day to day before the public which is extremely acceptable when well done, and which is perfectly intolerable when badly done; and the result is, that every shortcoming on the part of the Post Office is discovered at once and complained of; we are always working under pressure.

311. *Chairman.*] What is about the sum which will have to be paid by the Government for the purchase of the telegraphs?—About six millions and three quarters; rather less, probably.

312. That sum includes, does it not, something in the nature of goodwill?—Yes.

313. You cannot state exactly how much, probably?—I should think as nearly as possible two-thirds would be in the nature of goodwill; perhaps I am overstating that; it may be something rather less.

313*. *Mr. Denison.*] But you cannot tell that, because it depends upon the arbitrators, and the agreements of last year?—When I answered the question, I was thinking what proportion of the whole scheme was represented by plant which we had actually got.

314. *Chairman.*] At all events, a considerable proportion is in the nature of payment for goodwill?—Certainly.

315. Would it be possible to establish an entirely new system of telegraphic communication over the whole kingdom, for a less sum than that six millions and three quarters?—Certainly.

316. Very considerably less?—Certainly; we could establish the whole system for at least what it has cost the companies to establish it.

317. Between certain large towns, or within large towns, a system might be established at a very considerably smaller expense?—Yes.

318. If the Government did not get the monopoly, a company might be set up to establish such communication which would expend less money than we have done in the purchase of the existing telegraphs?—Undoubtedly.

319. And they would have nothing to pay for goodwill?—They would have nothing to pay for goodwill; they would have much greater difficulty than the existing companies have had in establishing a system of telegraphs, because they would be entirely excluded from the railways; you must remember that we have, by the Act of last Session, the exclusive way-leave over railways, so that no other company can come upon those lines which are the most favourable lines for telegraph companies.

320. They would have the roads to fall back on?—They must go on the common roads, and they can only do that by consent; there again they would probably have a greater difficulty in getting consent after the Government system was established than before.

321. Which would be the most remunerative part of the telegraph business?—Up to the present time I suppose the business between the Stock Exchanges of the large towns of the kingdom and the business between this company and foreign parts has been the most remunerative part

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part of the whole; domestic messages have formed comparatively a small proportion of the whole number of messages, and they have not been so remunerative as the other.

322. Is the business between large towns or in large towns more remunerative than between large towns and country districts?—There is very little business in large towns; that business is very insignificant at present.

323. What is the extent of the business between large towns in proportion to the other business?—The business between large towns is the very cream of the business; there is no question about that.

324. You have told Mr. Hunt that it is possible in your opinion that a company might be established to carry on telegraph communication between two or three large towns, which might take from us, for a time, the cream of the business?—I have been told that a company was on the verge of establishment for that purpose.

325. When the Government are going to undertake this business all over the country, do you think there is any injustice in asking for a monopoly?—No, no injustice certainly, so long as we continue to do the work properly.

326. Do you think there is any hardship upon the inhabitants of large towns, who might fancy that under the system of companies competing with each other they might get their messages conveyed more cheaply than under the proposed system?—No; the inhabitants of large towns will get a very considerable advantage out of our system, even though they do not get it in the reduction of the rate for town messages. The inhabitants of large towns are not engaged solely in telegraphing to each other, they telegraph to all parts of the kingdom, and they will get in return for the uniform rate which we impose upon them in the towns themselves a very large reduction of rate on the messages they send to distant parts of the country, of which they send quite as large a proportion, if not a larger proportion, than they do of messages within the towns.

327. The Government proposes to extend the system very much more widely than it has ever yet been extended?—Yes; there is at present one telegraph office for about 13,000 of the population; under our system there will be at starting one for every 6,000 of the population, so that we shall give at least twice the accommodation, at the outset even, in the greater contiguity of offices to the people.

328. That you consider to be a great public advantage, which probably the country would never have obtained, or probably not for some years, under the system of open competition?—Undoubtedly the country would not have obtained such an advantage for many years to come.

329. When the Government are about to invest a large sum of money in securing this great public advantage, do you think it just that they should be protected against private individuals taking from them the most lucrative part of the business they look to to recoup their expenses?—Yes; I do think they should be protected.

330. Then, if it is assumed that the monopoly is just in principle, is it not more reasonable that it should be given permanently, subject to the revocation of Parliament, than that it should be given for a limited period?—I think it is; I do

not think the Post Office ought to be obliged to go periodically and ask for its renewal; there would be practical difficulties in the Post Office going to Parliament, Session after Session, and asking for a renewal of the monopoly of carrying letters, though nobody disputes that they should have the monopoly of carrying letters.

331. Would not a limited monopoly look rather as if it were a concession or a loan granted by Government to which it was not in justice entitled?—Possibly it might have that appearance.

332. You think it would be an inconvenience if the Post Office had to come every seven years and ask for a renewal of this monopoly?—I think so.

333. Mr. *Weguelin*.] If the Government were to be exposed to competition at any time, now or hereafter, would it not have been very much more economical to the Government themselves, to have established their own telegraphs in competition with private companies, instead of buying up the telegraph companies?—Undoubtedly it would have been much more economical for the Government to have started in competition with the telegraph companies, supposing the House of Commons would have admitted such competition.

334. There is nothing in the present Acts affecting telegraph companies that would prevent the Government establishing their own telegraphs all over the kingdom?—I think, under the Telegraphs Act of 1863, the Government could not, without the consent of Parliament, have set up a telegraph system, because they must have come to Parliament for the funds.

335. Irrespective of that, the Post Office could establish a telegraph system of its own?—Irrespective of that, the Government, like any other person might, under the Telegraphs Act of 1863, have set up a telegraph system, but it must have got the funds.

336. The essential part of the agreement with the telegraph companies was the buying up of their goodwill, the understanding, therefore, being that the Post Office should have a monopoly of the telegraph system?—At least there was this understanding, that those whose property and goodwill we bought, never should go into business again; though not expressed, that clearly was understood.

337. That is as regards the companies whose undertakings you bought; but as regards other people, if the Government pay a large sum for the business, they must see that that business is not interfered with?—Yes.

338. And the effect of competition would be to destroy that business?—No; I do not think the effect of competition would be to destroy the business in the long run, but it would certainly annoy the Government, and perhaps lessen its profits for a time. I think we could hold our own against any competitors; that was my reason for not advocating the monopoly before; but I never doubted the right of the Government to ask for a monopoly, after the expenditure of so much money. I have seen reason to think, since the passing of the Bill last year, that we might be annoyed, though not beaten by competitors.

339. Do not you think, if a limited monopoly were given to the Post Office, there would be, as the time approached when that monopoly would cease, a great variety of schemes got up in order to compete with the Government when the monopoly

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nopoly should cease?—I think that might be prevented, if it were provided that no scheme should have a right to claim compensation when the Government came for a renewal of its monopoly. I think you might guard against such claims in the way Mr. Hunt proposes.

340. Mr. *Baines*.] Did I rightly understand you to say that there is at present one telegraphic office for every 13,000 of the population, and that you would increase the number to one for every 6,000 of the population?—Yes, as nearly as possible.

341. Sir *Smith Child*.] But there are very few towns with a population of 6,000 which have not got telegraphic communication at present, are there?—I mean not only towns but country districts.

342. Would you provide telegraphic communication for all country districts having a population of 6,000?—I did not quite mean that; my meaning was this: taking the population of the whole country together and dividing the number of telegraphic offices into it, that gives at present one telegraphic office for every 13,000 of the population; but taking the number of telegraph offices we shall have, and dividing it into the population, that gives one office for every 6,000 people. I do not say that any particular district would have a telegraph office or be without it.

343. There is a very material difference between those two things?—Yes, but that is the only way open to me, unless I had a large map, of showing you how much closer we shall get to the population.

344. You propose to give telegraphic communication to every money-order office?—Yes, to every money-order office.

345. Mr. *Laird*.] You say you propose to reduce the rate of charge?—Yes, we propose to have a uniform charge of 1*s.* throughout the country.

346. Will it be the same in towns?—It will be the same in towns; but I fully expect that in the course of two or three years, we shall have a uniform charge of 6*d.*; I have very little doubt that we could afford, if that were the only question, to commence with a 6*d.* rate at first; but that rate would bring an enormous increase in the number of messages, and until we know accurately what number of messages we can carry, and what business we can do with the staff, we think we ought not to bring that increase of work upon us; that really is the only reason for not charging a lower rate than a shilling.

347. At starting, you will charge an increased price for town messages as compared to what they at present pay, will you not?—It is an apparent increase but not a real increase; because, though the town messages are conveyed by telegraph over only a small distance, the transmitting and receiving of them between the telegraph offices and the addresses, amounts practically to a considerable increase of the charge; the offices are so far from the senders and receivers of messages, that the charge for portage places the whole charge above 1*s.*; but in future our 1*s.* will cover the whole charge in consequence of our offices being near to the senders and receivers of messages; I can show you that the 6*d.* messages are not to be much thought of, when I tell you that now, out of six millions of messages carried annually, only

160,000 are carried over the whole kingdom at a 6*d.* rate. We will say we impose an additional charge upon these 160,000 messages of 6*d.* each; but there are still two-and-a-half millions of messages carried at rates of 1*s.* 6*d.* and upwards, and on all those messages there will be a reduction. Now 160,000 is to two-and-a-half millions, about as 1 to 15, therefore, for every message on which we impose an additional charge of 6*d.*, we are going to take off a charge of 7*s.* 6*d.*

348. Sir *Smith Child*.] But that does not console the senders of the 6*d.* messages?—There comes in my other statement, that the sender, or rather the receiver, of the 6*d.* message has to pay so much for portage, that that brings the total charge to him above 1*s.*; and from the greater proximity of our offices to the public, the result will follow, that in the greater majority of cases the 1*s.* will include the portage.

349. Does not the 6*d.* charge generally include portage at present?—Only within a short distance of a telegraph office.

350. Within a mile, I think?—Yes, I believe so, but the greater number of the receivers are beyond a mile.

351. Mr. *Weguelin*.] Are these 160,000 6*d.* messages of which you have spoken, principally commercial messages, or social messages?—I can hardly tell you; I am not able to say.

352. You made an analysis, from which it appeared that the greater portion of the messages sent off are commercial messages?—Yes, but I have not made an analysis of the 6*d.* messages specially; I think the probability is, that they are chiefly social messages.

353. *Chairman*.] Under the Act of last year, the rate is to be uniform, is it not?—Yes.

354. So that the Government will not have the same means of meeting competition which a powerful company would have?—Undoubtedly a competitor might come in in a large town with a 3*d.* or a 6*d.* rate, and we could not take the same means as a private company would have taken, namely, lowering the rate, because if the rate was lowered in one large town, we should have to lower it elsewhere.

355. If you lowered the rate in London under the Act of last year you would have to lower it also between London and Ireland?—Yes, because the Act prescribes a uniform rate.

356. Mr. *Hunt*.] When the Bill was under discussion last year there was a great pressure put upon the then Government to reduce the rate in the Bill to 6*d.*, was there not?—Yes, there were two questions raised; one was that we should have a uniform rate of 6*d.* for all messages, and I have already given the answer to that, "We shall be glad to have a uniform rate of 6*d.* when we know that we can do the work;" the other was that there should be a uniform rate of 1*s.* for general transmission, with a 6*d.* rate in towns. We contended that that would be giving an undue advantage to towns over the country, because if there were a 6*d.* local rate, every townsman would be able to send his message, say, from Manchester to John of Groat's house for 1*s.*, and a message from Manchester to Preston Wick for 6*d.*; whereas a man in the country would only have the 1*s.* rate, and no local rate for himself; therefore we thought it only fair and logical to have a uniform rate throughout the country. I am told that the

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distance of free delivery in the case of the 6 d. messages is only half a mile.

357. But supposing the Post Office, against public opinion, was keeping up the rate for messages, their having to come to Parliament for a renewal of this monopoly would give the public the advantage of an opportunity of insisting upon the rate being lowered, would it not?—I think, even without that, the public always has an opportunity of enforcing its wishes.

358. Still the public would be able to put that pressure upon the Post Office at the time they came for a renewal of their monopoly?—Yes; but under the Bill as it now stands, there will be an annual period for putting on that pressure.

359. How so?—The Bill, as it now stands, provides that an account shall be laid before Parliament every year, of the revenue received, the expenses incurred, and the surplus of revenue over expenditure; and that we shall also show what portion of that surplus is required to pay the interest on the capital; and that then if there be any residue, it shall be applied to cancel debt: no doubt, when that annual account comes before Parliament, if it shows a very considerable surplus, the public would have an opportunity of endeavouring to obtain a reduction of the rate.

360. Still, their leverage would be much less than if they had the power of resisting a Bill for the renewal of the monopoly, would it not?—I do not know: in the Post Office we are in the habit of looking upon the leverage of the public as something which we cannot overcome under any circumstances.

361. *Chairman.*] The expenses under the Act will have to be voted annually, will they not?—Yes, annually.

362. *Mr. Weguelin.*] You think that it would not be desirable to have the Post Office monopoly made terminable at a certain date?—No, I think it would be very inconvenient, and would give rise to a great many troublesome questions from time to time.

363. *Mr. Hunt.*] Do you not think that you would cater more for the public if it were so?—No, I think we do all we possibly can for the public.

364. The public do not always believe it?—I cannot admit that we could do more.

365. Why should not these words come out of the preamble: "Whereas in order to ensure the charge for the transmission of telegraphic messages being as small as possible," it is expedient that exclusive privileges with respect to conveying telegraphic messages, should be conferred upon the Postmaster General; some people might think that that would not ensure it?—It is in order to ensure the uniform charge being as small as possible.

366. *Mr. Baines.*] You could not charge such low terms to the public without a monopoly as you could with a monopoly?—No.

367. That is the reason therefore why it is expedient that these privileges should be conferred upon the Postmaster General?—Yes.

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R E P O R T

FROM THE

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ON THE

T E L E G R A P H B I L L ;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE

AND

M I N U T E S O F E V I D E N C E .

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