

ORIGINATION AND ADMINISTRATION OF AMERICAN TELEGRAPHS.

CHAPTER LIV.

Origination of Telegraph Lines—Organization of Companies—Charter—By-Laws—Office Regulations—Rules for Sending and Receiving Messages—Lines in British Provinces—Patent and Parliamentary Monopolies.

UNITED STATES—ORIGINATION OF TELEGRAPH LINES.

THE telegraph lines in the United States of America are owned by many companies. Their construction has been consummated, in most cases, through a spirit of speculation, controlled by a few persons. There are but few cases, where regularly organized companies have taken the initiative. In most cases, individuals, in localities having a little knowledge of the developments of this wonderful means of communication, becoming infused with a zeal for the extension of a line to their towns or cities, have proceeded to negotiate for the patent rights to build and use a line of telegraph thereto from some specified point already connected by the line of another company. In many cases, persons have contracted for the patent for lines between places, having in view a profit on the construction of the line, and a sale of the patent at an advanced price to the company. An arrangement for the purchase of the patents has always been an indispensable preliminary. In order that the reader may understand the nature of a patent contract, I insert the following copy of the celebrated agreement made between Mr. Henry O'Reilly of New-York, and the patentees of the Morse Telegraph, viz. :

Articles of Agreement for extending the Electro-Magnetic Telegraph, from the Seaboard to the Mississippi and the Lakes.

This memorandum of an agreement between Henry O'Reilly, of the one part, and Samuel F. B. Morse, Leonard D. Gale, Alfred Vail, and Francis O. J. Smith, of the second part, witnesseth as follows :

That the said Henry O'Reilly undertakes, on his part, at his own ex-

hundred and fifty miles beyond said last point, and in like ratio during each succeeding six months thereafter—*then*, in relation to all such sections of the line, this agreement shall be null and void, provided that such request shall not be made prior to the 1st day of April next (1846).

And the party of the second part shall convey said patent right, on any line beyond Pittsburg to any point of commercial magnitude, when the necessary capital for the construction of the same shall have been subscribed within the period contemplated by this agreement, by responsible persons, and not otherwise.

Done at the city of New-York, this 13th day of June, in the year of our Lord eighteen hundred and forty-five.

HENRY O'REILLY,
FRANCIS O. J. SMITH,
SAM. F. B. MORSE,
L. D. GALE (by his Attorney,
S. F. B. Morse).

With a contract in the above form, the public is approached for subscriptions for stock in the company, to be organized under articles of association, or under a charter granted by the legislature of the State to be traversed by the telegraph. The association, or company, as the case may be, by its subscription for stock, sign a contract with the person holding the patent privilege, to construct the line and to deliver it, with the patent franchises, for the sum of three hundred dollars per mile—one hundred and fifty dollars per mile to be paid the contractor, in cash, for the building of the line, and one hundred and fifty dollars per mile, in shares, for the patents. These are the usual prices for the purposes respectively, throughout the United States. There are a few side or lateral lines, which have been built for half that sum. In such cases the cost of the patent has been about ten dollars per mile. The abundance of labor and timber often gives much profit at one hundred and fifty dollars per mile. As a usual rule, twenty per cent. is estimated for profit in the construction, leaving one hundred and twenty dollars per mile for the actual cost of the line. No line ought to cost less than this sum, and no line ought to be built without judiciously applying the money for substantial materials, so that the line will be permanent and serviceable. The proper application of one hundred and twenty dollars per mile, in most any part of the United States, can construct a line as substantial as the best pole lines in England, Denmark, Sweden, Russia, France, Belgium, Prussia, and the German States generally.

The length of a line owned by one company is, on an average, about 500 miles. There are some companies, however, extending double that distance. I will give a few examples, taking the lines running east and west, namely: from the eastern boundary of the United States to Boston, about

600 miles, is a line of two wires, owned by one company; from Boston to New-York, about 250 miles, another line of five wires; from New-York to Pittsburg, about 350 miles, another line of two wires; from Pittsburg to Louisville, about 400 miles, another line of two wires; from Louisville to St. Louis, about 300 miles, another line of one wire; and from St. Louis to Leavenworth, about 360 miles, another line of one wire. These lines are owned by separate and independent companies. On some of these routes there are rival lines, one using the Morse patents and the other using the House, or others' letters patents. This state of things will most likely remain until the expiration of the Morse patents, when rival lines may be expected all over the country. As there will be no patent to pay for, the capital stock of the company can be less, besides the gain by economy in construction and the experience of the past.

ORGANIZATION OF COMPANIES.

After the line has been built, and supplied, by the contractor, with all the instruments for business operation, it is ready to be handed over to the association of stockholders. A meeting is formally called, by notice in the newspapers, to organize under the charter, and at which, the contractor tenders the line as completed under the terms of the contract. This contract, however, has been generally very indefinite, only requiring a well-built line, as compared with other lines in the United States. The stockholders, at their meeting, appoint a committee to inspect the line, who are generally previously informed on the subject, and forthwith a report is submitted, recommending its acceptance from the contractor. This done, the by-laws governing the proceedings of the company are adopted. Then follows the election of the yearly officers, consisting of a president, secretary, treasurer, superintendent, and directors. In some companies the first four officers are elected by the board of directors, and the president performs the services of superintendent; in others, he is merely nominal.

I have now explained how lines originate, how the patent is negotiated for, and how the line is built and delivered to the company; also, how the company proceeds until its organization in full for the management of the line, under the charter from the legislature of the State.

The charters of telegraph companies are much the same throughout the United States, differing only in the name and route of the line. As a form, I give the following, viz.

CHARTER.

Be it enacted by the General Assembly of the State of _____, as follows :

SEC. 1. That _____ and their associates or assigns, who have acquired, or may acquire, from Prof. Saml. F. B. Morse, the right to use his Electro-Magnetic Telegraph, Chemical or Printing Telegraph System, by him invented and patented, upon the line hereby incorporated, are hereby created a corporation and body politic, for the purpose of erecting and managing a line of said telegraph, extending from _____ to _____ as the said _____ may elect, for the purpose of transmitting intelligence by means thereof, under the name and style of the _____ Telegraph Company.

SEC. 2. The shares of stock in said company shall be fifty dollars each, and to be issued to the owners of the patent right of the telegraph, and to the subscribers of stock in said line; said stock to be issued by the said _____, at the rate per mile as agreed to by them and the subscribers along the route, and be issued as the line progresses, to such persons as may be entitled to the same, according to the subscription agreement. The stock in said company shall be exempt from taxation, until a dividend is declared upon the same.

SEC. 3. As soon as the said line of telegraph is completed, a meeting of the stockholders in said line is to be held in the city of _____, to take charge and control of the line, and to elect a president and directors, and such other officers of the company as may be determined by the stockholders aforesaid; the said _____ are to give notice in one or more newspapers on said line, of the time of meeting, allowing thirty days to intervene between the call and the time of meeting. The stockholders, at their first or succeeding meetings, may adopt such rules and by-laws for the government of the company, as they may deem expedient; provided, such rules and by-laws are not inconsistent with the constitution and laws of this State, or of the United States.

SEC. 4. The Telegraph Company hereby incorporated, shall have power to sue and be sued, complain and defend, in any court of law or equity, having competent jurisdiction; to make and use a common seal, and the same to alter at pleasure; to purchase and hold such real and personal estate as the lawful purposes of the corporation may require, and the same to sell and convey, when no longer required for the legitimate purposes of the line.

SEC. 5. The _____ Telegraph Company shall have power to set up their fixtures along and across any of the roads, streets, or waters of this State, without its being deemed a public nuisance, or subject to be abated by any private person; the said fixtures to be so placed as not to interfere with the common use of such roads, streets, or waters, or with the convenience of any land owner, more than is unavoidable; but the said corporation shall be responsible for any damages that any person or corporation may sustain by the erection, continuance and use of such fixtures; and in every action brought for the recovery thereof, by the owner or possessor of any land: the damages to be awarded may, at the election of said corporation, include the damages for allowing the said fixtures permanently to continue, on payment of which damages the right of the corporation to continue such fixtures shall be confirmed, as if granted by the parties to the suit; provided, that no person or body politic shall be entitled to sue for or receive damages as aforesaid, until the same corporation, after due notice, shall have failed or refused to remove in a reasonable time the fixtures complained of; and such notice, to any agent of said company, shall be deemed a sufficient notice in the premises.

SEC. 6. The corporation shall be bound, on application of any of the

officers of this State, or of the United States, acting in the event of any war, insurrection, riot, or resistance of public authority, or in the prevention or punishment of crime, or the arrest of persons charged or suspected thereof, to give to the communication of such officers immediate dispatch; for the transmission of such communication, the company shall not charge any higher price than for private communications of the same length.

SEC. 7. The said company have power to sue for and recover damages from any person or persons who may break or interrupt the working of said line of telegraph, to the amount of the loss sustained by the non-working of the line, and its cost of repair, and in addition, a fine of three hundred dollars, as damages sustained by the company in the premises; and if any person or persons shall refuse, or omit to pay said damages, he, she or they shall be imprisoned in the county jail for a term not less than six months, nor more than one year, as may be determined by the court or jury by which the cause is tried.

SEC. 8. No person shall act as operator, to send forward and receive any message or dispatch upon said line of telegraph, until he shall first have taken an oath before some justice of the peace, that he will faithfully observe the secrecy of any dispatch so intrusted to him to forward or receive, and that said dispatch, if private, shall be communicated in the order of time in which it was received; provided, however, that in cases of important public or general news, messages for the public papers may take precedence of private messages, if, in the discretion of the operator, it is necessary.

SEC. 9. Any operator who shall be guilty of violating the provisions of the foregoing sections, shall be deemed guilty of a misdemeanor, and may be punished by fine not exceeding five hundred dollars, or imprisonment not exceeding one year, by any court in this State.

SEC. 10. This charter, and the rights under it, shall be subject to any general laws which the State may at any time make, in regard to telegraph companies.

SEC. 11. This act shall take effect from its passage.

The oath required by the charter is not a general law throughout the United States. A few of the legislatures have enacted laws similar to section 8, but practically it is a nullity, and useless.

BY-LAWS.

The by-laws adopted by the shareholders at their first meeting, are in form as the following:—

1. The style and name of this company shall be the ——— Telegraph Company, under an act of incorporation, passed by the legislature of ———.
2. The annual meetings of this company shall be held in the city of ——— on the second Thursday in October in each year.
3. The officers of this company shall be a president, secretary, and eleven directors, to be elected by the stockholders, at each annual meeting.
4. The president shall be *ex-officio* a director, and preside at the meetings of the stockholders and board of directors, giving the casting vote in case of ties. He shall have power to appoint and dismiss at will all operators, clerks, inspectors, and agents, of every description, who are, or shall be employed in operating, superintending or repairing the line. He

shall see to the proper supplying of the line with all things needed for its successful operation; to manage the system of reports, tariffs, working, and all finance affairs of the offices of the line. He shall keep an account of all moneys expended by himself and agents of the line (requiring receipts in the disbursement of moneys, in every case practicable). He shall keep his accounts and books posted and properly prepared for the examination of the board of directors. He shall employ such aid and assistance as he may deem necessary in the management of the line, and to pay to such assistants, compensation commensurate with their services, according to his judgment. The president shall have power to retain in his hands a sum not exceeding five hundred dollars, to meet contingent expenses of the line; but any sum in his hands over that sum, he shall deposit in some safe banking-house, agreed to by the board of directors, for the benefit of the company, and under the control of the said board of directors.

5. The secretary shall keep a record of the proceedings of each meeting of stockholders and board of directors, and discharge such other duties as may be assigned him by the board of directors.

6. The board of directors shall meet quarterly, in the city of _____, on the first Thursdays in January, April, July, and October, and at such other times as may be called by the president, or upon petition of eight directors. They shall adopt such rules regulating their meetings as they may elect, not incompatible with the charter and laws of the company. They shall also call special meetings of the stockholders whenever emergencies may require it, or whenever stockholders owning or representing one third or more of the stock, petition for the same.

7. In case the board of directors refuse to call a special meeting of the stockholders upon petition of holders of one third or more of the stock in the line, then it shall be lawful for two or more persons holding or representing one third or more of the stock, to call such meeting, by public notice, in any one or more newspapers published in the towns through which the line passes. All notices for special meetings of the company, shall be given by public advertisement, as above stated, at least thirty days previous to the time fixed for such meeting.

8. No member of this company is, or will be held, to any individual liability beyond the amount of capital stock subscribed by him. No director, or other officer of this company, has power to contract any debt or obligation, creating a charge upon the members individually, or upon any other fund than the capital stock, property and income of the company.

9. The president shall give bond to the company for the faithful discharge of his trust, whenever the board of directors may require it, and for an amount agreed to by said board.

10. All officers, elected by the stockholders, shall hold their offices until others are elected.

11. A vacancy occurring in the board of directors, the remaining directors shall have power to fill such vacancy. If the president or secretary vacate their office, the board shall have power to elect a pro-tem officer until the company meets.

12. In all meetings of this company, the stockholders shall be entitled to one vote for each share held by them respectively. Stockholders may vote in person, or by proxy, or agent constituted for that purpose, in writing.

13. The holders of a majority of stock shall constitute a quorum to do business. Every question shall be decided by a majority of votes present.

14. The president shall receive, as a compensation for his services, fifteen hundred dollars per annum, and his travelling expenses incurred when from home, in the service of the company.

15. The board of directors shall declare a dividend upon the stock of the company, at such times as they may elect, whenever the surplus funds on hand may justify.

16. Four directors, with the president, shall constitute a quorum, for the transaction of business at all meetings of the board of directors.

In case a superintendent is authorized, his duties are confined to the management of the offices, and the keeping of the line in repair.

In some cases, the board of directors adopt a code of rules for the working of the line, prescribing the duties of the operators and employés of the company. It is usual, however, for those rules to be made by the president or superintendent, so that they can be readily altered, as circumstances may require, from time to time.

The employés of a line are the operators, cashier or manager of an office, clerks, messengers, repairers, and battery keepers. The rules adopted for the administration of the line are in the form following, viz. :

OFFICE REGULATIONS.

1st. Each telegraph office will be open every day, except Sunday, from sunrise to 10 P. M. The manager of each office will accordingly distribute his force so as to arrange the hours of necessary absence, in order to have at all times some competent operator in the office from sunrise to 10 P. M., nor will this regulation be construed to authorize or justify the closing of the office at that hour if there be any unfinished business. The manager will be required to keep a journal, in which all matters connected with the line, worthy of note, shall be entered daily. The office will be opened on the Sabbath at the usual hour, and close at 9½ A. M., and again opened in the afternoon at 4 o'clock, and closed at the usual hour at night.

2d. The first business in the morning is to examine the batteries, test the lines, and ascertain if the connecting lines are all in working order; the hour to be noted in the journal when each office is prepared for business. Should the line, or any part thereof, be out of order, the time, cause, or supposed cause, is to be noted in the journal, and the manager of each office is required to adopt means to have it repaired, by sending out any of the operators, clerks or other persons at his discretion. It is understood to be the duty of all operators and clerks to turn out on such occasions when required, their expenses being provided for by the company.

3d. The line of telegraph shall be open to all who shall tender and pay the regular charge which may be fixed upon for its use, and first come shall be first served, subject to the following limitation as to time: No individual, or combination of individuals, shall have the use of the telegraph more than fifteen minutes at one time when others are waiting; preference, however, may be given to the proper officers of the States or of the United States, in any great public emergency, or to police officers, to promote the arrest of fugitives from justice, and to prevent the commission or consummation of crimes.

4th. Dispatches in all cases will be regarded as strictly confidential, and they must be kept from the inspection of all persons, whether con-

ected with the line or not, and must not be the topic of comment or conversation by those whose duty it is to transmit, receive, or deliver them.

5th. Should any person employed in the offices of this company divulge or use for his own benefit, or for the benefit or information of any other person or persons whomsoever, the contents of any dispatch to which he may be privy; or should any person at stations other than the one receiving, read, use, or divulge the contents of such dispatch, said person or persons shall be considered as unworthy of trust and confidence, be forthwith dismissed from service, and not again employed on the line.

CASHIER.—The cashier of the office shall have absolute charge of all matters concerning all departments of business of said office.

He shall receive all dispatches to be transmitted, and the moneys for the same, keeping proper check and account thereof.

He shall see to the copying of all dispatches, and their prompt delivery.

He shall be the only authorized officer to issue orders for the purchase of material, and all bills are to be paid by him or by his order.

He shall keep an account of all expenditures under the respective heads contemplated in the monthly reports, specifying for what line moneys are used.

When the operator of any line reports that the same is out of order, he shall provide all the means and necessary material to effect its immediate repair.

He shall be the sole manager of the book-keeping, registration, and preservation of all books and papers of the office, belonging to the united lines therein terminating.

He shall make out the regular weekly, monthly, or other reports of his office, according to the forms adopted or authorized by each line respectively.

He shall deposit with the company's bankers all moneys accruing in his office, whenever the sum exceeds twenty-five dollars.

In case an operator is sick, or otherwise hindered from keeping his business up square, according to rule, he shall provide all necessary aid to effect the same.

He shall employ all clerks, battery-keepers, and messengers required in the office, and to dismiss the same at his pleasure.

He shall make payments to operators according to their respective salaries, in such manner as may be directed by the law of the line.

OPERATORS.—The operator of each line shall have sole charge of his register, magnet, and other connections of line in his office.

He shall send and receive all messages transmitted over his line.

He shall be the inspector and repairer of his section of line, and has power to employ all aid necessary to secure its speedy repair, when "out of order."

In case any new material is needed to secure the better working of the line, he shall report the same to the cashier, who will provide it without delay.

CLERKS.—Clerks employed in the office shall assist in receiving dispatches, and see to the proper spelling and address of all names for whom messages are received.

Each shall hold himself in readiness to assist in the performance of any duty in the office or on the line, as may be judged by the cashier.

BATTERY-KEEPER.—The battery-keeper shall have charge of the battery of each line, and see to its construction, according to the adopted system, and have it in readiness at the required working hour in the morning.

MESSENGERS.—The messengers employed shall promptly deliver all messages intrusted to them, without partiality as to line or person.

They shall keep in order the entire office, and have it in proper condition by the business hour of each morning—see to the fires and security of material belonging to the office under their charge.

They shall be responsible for all collections intrusted to them, or the return of the dispatch upon which payment may be refused.

They shall perform such other duties as may be required, from time to time, by the cashier.

RULES FOR SENDING AND RECEIVING MESSAGES.

1st. All communications must be carefully read, for the purpose of seeing that every word is plainly and fully written out, with the address, number of house or place, and name of town and street to which the message is directed, and if the receiving clerk doubts the meaning of any portion of the message, he will at once refer to the author for explanation.

2d. He will then count and write the number of words on the message, and the amount received for its transmission, then number the message, beginning each morning with No. 1, and entering the number, date, time, name of person sending, to whom and where sent, number of words, amount charged, and money received and paid for other lines; any remarks deemed necessary will be made on the book, and the message filed to be transmitted in its regular turn.

3d. No operator must attempt to write under any circumstances, while another is writing on the same circuit or wire; he must wait for the finish signal; as disregard of this rule will produce confusion and delay.

4th. If a communication cannot be sent in reasonable time, or being sent, does not reach its destination through the fault or delay of the telegraph, the money received will be refunded, and a receipt taken therefor; but in all such cases it must be proved beyond a doubt that the fault is with the telegraph.

5th. The originals of all messages transmitted must be neatly bundled up each day, and the date being written upon the envelope, deposited in a box provided for that purpose, as it may be necessary to refer to them.

6th. The arrival of every steamer from Europe shall be telegraphed gratis to every station on the line, to be posted on a bulletin for the information of the public; precedence will be given to this information in all cases; but no precedence will be given to the steamer's news.

7th. When a communication is received by telegraph, it will be immediately copied and plainly written out, and the number of the message, date, time, name of person sending, to whom sent, number of words, the amount charged, and name of operator and carrier, entered in a book provided for the purpose.

8th. The message will then be enclosed, sealed, directed, and placed in the hands of a carrier to be delivered; and in case any person to whom a message is directed cannot be found, the carrier will return it to the station for the clerk to endorse thereon the date and name of the carrier. The message will then be carefully filed for future reference.

Messages offered at the counter of the telegraph company for transmission are not required to be written on the forms adopted by the company. Many of the companies have no forms, using plain paper. Messages can only be transmitted in the English language, and they may be written with ink or pencil, on any kind of paper, without regard to size. I have

seen persons on steamers running on the western rivers, write their dispatches on a piece of board, about a foot long, and as the steamer would near the shore in the locality of an office, the board would be thrown ashore. The dispatch thus written would be sent by the telegraph. Merchants, generally, write their dispatches and copy them in a tissue leaf book, by transfer in a screw press. When copied, the original is sent, by a porter, to the telegraph office. The money is sent with the dispatch, but it is not compulsory. Many dispatches are sent with the charges to be collected at the destination. Pre-payment for answers is never required, and original dispatches, offered by persons known, can be pre-paid or not, at the option of the sender. The rule, however, contemplates pre-payment. The words "answer by telegraph," and "answer paid here," are sent free. Besides these words, when requested by the sender, the words "messenger get answer," are added and sent free. Dispatches received over the line by a station to be collected, are given to the messenger, and on their delivery the charges are demanded.

As in Europe, many of the American lines provide each messenger with a book, in which are entered the name of each person whom the dispatches are for, and on delivery, the person receiving the message writes his name and the time of reception in the book. This formality is regarded as a receipt to the messenger and the company. If there is any money to be collected on the dispatch, the sum is set down in the book opposite the name, and it is also written on the corner of the face of the envelope. On the messenger's return to the office, he pays over the money collected. The formality of the book is not in universal use. Many offices being provided with a full corps of messengers, deliver a dispatch the moment that it is received, without the delay of entering in a book, or an accumulation of messages for the same route; that is to say, when a message is received, it is sent for delivery immediately. This celerity in delivery, at many stations, requires a large number of messengers.

Night service is seldom required. The agent for the press can order the lines opened all night, by paying a contracted sum for the extra service. There is no general rule allowing the public to command the lines to be kept open at night, beyond the hours prescribed in the rules. Nevertheless, if business is offered all night, the lines are kept open all night, without any compensation, more than the daily charges. I have never known a case where a private individual desired to command the line to be kept open beyond the regular hours.

When lines have been down, perhaps for the day, a large amount of business accumulates, often requiring the whole night for its transmission. This has been under ordinary circumstances. The rule, therefore, may be thus stated, "The line is never to be closed, day or night, as long as there is a single dispatch to be sent," and that no extra charges are to be made for the night, except in the case cited, as arranged by contract.

BRITISH PROVINCES IN AMERICA.

The construction of telegraph lines in the Canadas, New-Brunswick, Nova-Scotia, and Newfoundland, has been under the direction of organized companies. It has been usual to obtain a charter from the provincial parliament, incorporating certain persons therein named as a company, having in view the construction and maintenance of a telegraph line or lines on certain specified routes or territory. After the charter is granted, books are opened for subscriptions for shares, upon which a small per-centage is paid. The necessary capital having been subscribed, and the per-centage paid, a meeting of the shareholders is held, at which by-laws are made, permanent officers elected, and all the necessary preliminaries for the consummation of the enterprise are arranged. Proposals are received from different persons for the building of the line, in whole or in part, which are accepted or declined, as circumstances dictate. Sometimes, the line is built by the company, having no contractors. The foregoing formality constitutes the whole procedure for the organization of companies, and the construction of lines in the provinces.

In the Canadas, no monopoly in telegraphing has been accorded to any one. The territory is open to any person or company to build lines. In New-Brunswick, Nova-Scotia, and Newfoundland, exclusive monopolies have been granted by the provincial parliaments to separate companies in each. In Newfoundland, the monopoly has been given to the New-York, Newfoundland, and London Telegraph Company, for the term of fifty years, from March, 1854. The Nova-Scotia Company holds the exclusive monopoly in that province. In the United States, the monopoly runs with the duration of the patents. A patent runs for fourteen years, and may be renewed for seven more by the commissioner of patents. After the renewed term, Congress can extend the patent consecutively for seven years thereafter. This latter case is rarely granted. This subject is referred to here, to show the relative monopolies

enjoyed by the lines in the United States, and by those in the provinces. In the former, however, no legislative laws can accord to a company exclusive monopoly, and the patented term limits the question; but in the latter, no patent privileges have been held by Morse, and the monopoly runs with the legislative enactment. From these facts, it will be seen—

1st. That in the United States, the monopoly in telegraphing runs with the term of the patent, the right of which has to be purchased by the given company.

2d. In the Canadas, there are no legislative monopolies sanctioned by the parliament, and there are no patents—the inventions being free to all persons.

3d. In Nova-Scotia, New-Brunswick, and Newfoundland, the inventions are free, but the monopolies enjoyed by legislative enactments of the provincial parliaments, are more than equivalents for patents.