

Letter from Alexander Graham Bell to Edward J. Hall, March 7, 1906

3-1-18 33 March 7, 1906. Mr. Edward J. Hall, Vice President of Am. Tel. and Tel. Co., 15 Dey Street, New York, City, Dear Mr. Hall:—

Mrs. Bell has just found the original copy of my communication to the Capitalists of the English Telephone Company, dated March 25, 1878, for which we have been looking. Of course we looked last in the place where we should have looked first — our safe.

The paper turns out to be a lithograph not a printed paper and I remember now that the letter was lithographed, or at all events copied in manifold from a manuscript. These copies were then sent to the Capitalists who were forming the English Company and the paper I have in my possession is one of these original copies which has been filed away for preservation.

It may be possible that another original copy exists among the papers left by Mr. Hubbard. The present copy appears to be my own which has been put away in my safe and forgotten. It is probable that a third copy may be found among the papers of Col. Reynolds of Providence, Rhode Island, the American Promoter of the English Telephone Company.

What do you wish to have done with this paper?

Yours sincerely, Alexander Graham Bell

[Private and Confidential.] CLARENDON HOTEL, WATFORD, 25 *th* July, 1878. *To the Directors of The Telephone Company, Limited.* Gentlemen,

I have this afternoon been surprised to find that the enclosed Price List is being extensively circulated without the sanction or even the knowledge of the Board. I desire

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to call your immediate attention to this fact, and to urge upon you the absolute necessity of settling finally and without delay the question of the business of the Company and its management. I have therefore summoned a Meeting for the special purpose of discussing the subject.

On the 27th of June the question of "The principle on which the business of the Company should be conducted" came up for consideration, and as there was considerable difference of opinion among the Members of the Board, the discussion was adjourned in order to afford me an opportunity of presenting my views in writing. Before preparing a communication, I determined to ascertain the opinions of those gentlemen who have been associated with the growth of the Telephone business in this country from its commencement, so that I might be able to present to you, not only my own ideas, but those of others practically familiar with the subject. Among the replies to my queries came a letter from Mr. Adam Scott, which so fully expressed my own views that I determined to submit it *in extenso* to the Board. This was formally brought before you on the , and, in order that the subject might receive the fullest attention and be thoroughly discussed, printed copies were placed in your hands prior to the Meeting. The consideration of that letter was, however, postponed, and no action has, as yet, been taken upon it.

A Prospectus or Price List was about this time prepared by the Manager, but the Board did not authorise its publication, the question of the principle upon which the business of the Company was to be conducted remaining unsettled.

On the , the only Board Meeting from which I have been absent, Mr. McClure brought before the Directors a form of Telephone, with a bell-button attached to the instrument. I understand that the Members present were led to believe that the Telephone then exhibited was invented by Mr. McClure, and that he had secured his invention by Letters Patent. So far as I am aware, Mr. McClure failed to inform the Board that the Telephone thus shown was one of the several forms devised by myself and made in America before the introduction of the Telephone into this country, nor, further, that it had also

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been made in France, and seen there by him, although these facts were then within his knowledge. It seems certain that the Board were not aware that Mr. McClure's Patent had reference solely to the position of the bell-button, which is placed upon the Telephone instead of being separate from it. This is the sole point of the patent, and, as an invention, is not even original with him, it having, I understand, been suggested by Mr. Joseph Oppenheimer, of Manchester, at Colonel Reynolds' Office, in the presence of Mr. McClure, who subsequently patented it as his own invention.

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Mr. McClure, at the Meeting above mentioned, proposed to the Board that the form of apparatus shown should be adopted by the Company, and that he should be allowed a royalty on every instrument manufactured. The Members present, believing the apparatus to be novel and original with him, were inclined at first to enter into some arrangement, but the royalty claimed by Mr. McClure was considered too high, and finally the Board refused to have anything to do with his Patent at all; and yet, after this refusal, he printed and commenced to circulate a Prospectus or Price List, purporting to be issued by the Telephone Company, Limited, and containing frequent mention of the "*Special Telephone, McClure's Patent,*" as if it had been specially adopted by the Company. The fact that this Telephone was claimed in the Circular by Mr. McClure, and was apparently accepted as his by the Company, induced me, on the 8th inst., to write a letter to him, stating that the wording of the Circular was personally objectionable to me, and requesting him to stop its circulation until it had been considered and approved by the Board. The matter has not since been brought up formally before your notice, and Mr. McClure forestalled any action upon my part regarding the wording of the Circular, by forwarding to me, and, I believe, to the other Directors, corrected proofs, describing his Patent as "*McClure's Patent Key.*"

The consideration of the course to be pursued by the Telephone Company in reference to the Telegraphs Bill has since so engrossed the attention of the Board, that the discussion

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concerning the nature of the business to be undertaken by the Company and the consideration of the Price List have necessarily been further postponed.

In the meantime Mr. McClure, without any authority, has distributed hundreds of copies of his Price List, thus establishing a new scale of charges, and committing the Company to a policy which is not only still unauthorised, but is strongly opposed at any rate on my part. I find to my astonishment this afternoon that this Price List, of which I am informed over 900 copies have been issued within the last few days, is the original one to which I had objected, and the circulation of which I believed I had stopped by my letter to the Manager.

So far as I may have personal grounds for complaint against Mr. McClure, I do not wish to insist upon them before you. I have, before this, on many occasions borne in silence conduct on Mr. McClure's part that I could not but think insulting to myself and to my friends, and I can afford to ignore any further conduct of the same kind. But I do urge you to examine, with the utmost care, Mr. McClure's conduct of our business from his first connection with the Company up to the present time, and to decide at once whether he is a suitable person to occupy the position of Manager.

I have hitherto forbore from taking an active part in the discussion of this question from a feeling that interference on my part might be attributed to personal motives, but the time has come when I must speak out, whatever motives may be attributed to my action. I am the largest Shareholder in the Company, and my reputation is concerned in the most intimate manner with its success or failure; I cannot, therefore, afford to see the business ruined, and the Company brought into ridicule by the incompetency of the Manager. I have all along been as anxious as any of the Directors to give Mr. McClure a fair chance, but I have long felt, and I have now reason to believe, that the majority of the Board agree with me that we have made a great mistake in intrusting to him the conduct of the business; I trust, therefore, that I shall meet with your support in the proposition which I now make, namely, that Mr. McClure be informed that, from this date, his services are no longer required by the Company. I am convinced that his continuance in his present position,

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for even one month longer, will be most injurious to the interests of the Company, and I believe that the course above proposed is the only one that can save our business from failure.

The other matter, to which I would direct your most earnest attention, is the nature of the business to be entered into by the Company.

I do not think it at all necessary that a Company should be organised, and a Board of Directors appointed, merely to superintend a shop for the sale of Telephones,—to be managed by a man and boy! Yet it is into this ridiculous position that Mr. McClure's management is drifting the Telephone Company.

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It seems to me that this Company is pledged in the eyes of the world to put my inventions into practical operation in this country, but under the policy shown in Mr. McClure's circular this Company would merely supply Telephones, and leave to others the task of putting them into practical operation. If we do not undertake the erection and maintenance of the necessary line wires the demand for Telephones for practical purposes must necessarily be small, and the only way in which the Company can hope to gain a market for their instruments must be to reduce the price of the Telephones, so as to enable them to compete with infringers of their patents in selling the instruments as scientific toys at a few shillings a piece. I need hardly point out that the Company in such a case must prove a financial failure.

I recommend Mr. Scott's letter to the most careful consideration of the Board, and I would specially direct attention to his Fourth Plan, according to which Telephones could be sold, under certain restrictions, for scientific and domestic purposes, while the main business of the Company would consist in the erection and maintenance of lines of Telephonic communication, remuneration being received in the shape of a fixed annual rental. The

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whole Telephonic system would remain the property of the Company, which would derive a permanent income from each line established.

And here I think it advisable to direct your attention to the well-known success of the Telephone in America. In the United States the Bell Telephone Company commenced operations under the greatest possible difficulties. It had no capital, and it has been opposed from the first by one of the wealthiest corporations in the world—The Western Union Telegraph Company—a company controlling more miles of telegraph wire than there are in the whole of Europe. Notwithstanding these disadvantages, it has in one year created a capital for itself entirely out of profits, and has acquired a large and steadily increasing business of a permanent character. This result has been achieved by steadily adhering to two principles of action—the Rental principle, and the principle of supplying only the very best instruments that can be manufactured, regardless of cost. This last plan has been carried out to such an extent by the Bell Telephone Company that a large proportion of the instruments first issued have been withdrawn from use and replaced by others at the expense of the Company.

As the result of many years of patient thought and research, I have produced my system of telephonic communication, and it has been one of my most cherished wishes to see this system in operation throughout the length and breadth of my native land. You can, therefore, understand with how much interest I have watched the rise of a Telephone Company in this country, and with what keen disappointment I view the possibility of its failure. In order that all the Members of the Board may have ample time for considering the purport of this communication, and in order that no injustice may be done to Mr. McClure by bringing forward suddenly an unexpected proposition, a copy of this letter will be sent to each Director of the Telephone Company as soon as it can possibly be prepared.

I trust that the Board, after full consideration of the past history of the Company, may be induced to authorise—

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Firstly—an immediate change in the Managership of the Company.

Secondly—the withdrawal of the Price List so extensively circulated by the present Manager; and

Thirdly—the preparation of a series of resolutions defining the nature of the business to be carried on by the Company, and settling decisively the principles upon which it is to be conducted.

I am, Gentlemen, Yours truly, Alexander Graham Bell