

CONTENTS

INTRODUCTION	PAGE I
PREFACE	V

CHAPTER

I THE ACQUISITION OF THE BELL SYSTEM	13
--	----

Early telephone development under private enterprise. Political agitation for public ownership of telephones. Substantial reduction in telephone rates promised under public ownership. Construction by the Government of a competitive telephone system begun in 1907. Government purchase of the extensive system of the Bell Company, December 30, 1907. Promises of the Government as to reduction of rates, commercial management, and profitable operation.

II THE GOVERNMENT SYSTEM UNDER THE FIRST COMMISSION	36
---	----

Telephone management vested in a Commission under the control of the Government. Telephone policies determined by political considerations; Governmental interference in the telephone management. A sectional increase in rates; telephone management dominated by political influence. Substantial profits from the first year's operations alleged by the Government. Real deficit in 1908 concealed by unsound accounting methods. A moderate rate reduction effected by the Government for political purposes. Labor difficulties. Deficit in 1909 concealed by the accounting methods prescribed by the Government. Construction policy of the Government ineconomical and marked by political abuses. Financial result in 1910 again an apparent profit but a real loss. Fictitious profits disappear in 1911; an aggregate loss of over \$300,000. Government policies result in extravagance, inefficiency and