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B. C. HUBBELL WARNS CHICAGO AGAINST 'PHONE DEAL

Chicago was warned against allowing the Bell telephone trust to gobble the automatic company by **B. G. Hubbell, president of the Federal Telephone & Telegraph Company**, when he resumed the stand in the hearing of the government's suit against the American Telephone & Telegraph Co.

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THE FEDERAL TELEPHONE IMPROVES BY HAROLD

One might judge from the title of this article that the federal government was already til. the telephone business. As a matter of fact it refers to the **Federal Telephone & Telegraph Company of Buffalo, N. Y., one of the most progressive and Independent of the many independent telephone companies throughout the United States.**

The Federal Company secured a franchise about ten years ago to build a competing telephone system in Buffalo. The city officials of Buffalo were glad to grant the franchise because of the abominable service that was then being given by the Bell Company operating in that city.

I am telling the readers of The Day Book about the Federal Company because its methods of conducting the business are such that they could well be emulated by the Chicago Bell Company. If their methods were followed by the Bell companies in the "United States, especially in the leading cities, there would be little need and little danger of federal and municipal ownership becoming a fact. The Federal Company purchased the best material it could buy and installed a competing telephone system that really competed. Its manual switchboards are in excellent condition today, but **Mr. B. G. Hubbell, president of the company**, is doing as every wise president of a public-service company should do, he is setting aside his present equipment and is installing automatic telephones and automatic switchboards to entirely displace the manual telephones and switchboards that the Federal Company is now using. He is making an investment of over \$1,000,000 in new equipment, because he has realized that the betterment of service and the possible reduction of rates will warrant the expenditure.

There is no doubt but what the Judgment of **Mr. Hubbell** is sound and he is setting an example that the Bell officials would like to follow if they could. **Mr. Hubbell's company was honestly financed and has been honestly operated.** **Mr. Hubbell's** personality, as revealed by the Buffalo case, is in shining contrast to that of other public utility officials. He had to have a great deal of money to revolutionize the business and put it on an automatic basis, but he has gained what the Bell officials have lost during their dealing with the public (public confidence). He has dealt with them squarely and honestly, and given them value received, so that when he was ready to take this important step in the history of his company's business he had no difficulty in raising the necessary money. **The Federal Company not only operates In Buffalo, but in several hundred towns in New York state, and gives long-distance service that is far superior to that given by the Bell Company**, with the exception that his service is handicapped by not reaching New York City, which is about the only town of any importance in New York state that the Federal line does not reach.

The company that is in a position where It cannot adopt modern improvements and must resort to subterfuges, must keep the papers full of advertising that tells the people how good the company is and how big it is getting, and all the time the people can see by personal contact, that its gain in numbers is brought about at a sacrifice of 'quality, one day will find itself in a position where nothing but municipal ownership will satisfy its patrons, Mr. Hubbell's policy is a wise one. He proposes to do all that municipal ownership could do, but do it first.

The Day book. (Chicago, Ill.) 1911-1917, November 21, 1913

CHARGES GIGANTIC PLOT IS ON TO ABSORB ALL INDEPENDENT 'PHONE COMPANIES

A gigantic plot to absorb all the independent telephone companies in America and thus destroy competition was charged to the American Telephone & Telegraph Company in the proceedings before Miss Mary E. Bell, special examiner for Interstate Commerce Commission, who is hearing the government's suit 'against the American Company as a violator of the Sherman anti-trust law. The accuser of the mighty 'phone trust was **B. G. Hubbell**, president of the Federal Telephone & Telegraph Co. of Buffalo, who dragged in the firm, of J. P. Morgan & Company as behind the move to establish a telephone monopoly. Hubbell testified that Theodore N. Vail, director of the A. T. & T. Co., and H. P. Davison of the Morgan firm were the men who were trying to put over the steal. The plan was to merge about thirty independent companies, divide the territory and kill all the small competitors. This consolidation would have involved about \$1,300,000,000. Hubbell appeared as a witness for the government.

"About 18 months ago," said Mr. Hubbell, "Mr. Vail appeared at a meeting in the Blackstone Hotel in this city, which was attended by 25 or 30 representatives of the largest independent companies, and outlined his plan to merge the companies represented at the meeting and in that way destroy the smaller companies. "After Mr. Vail's talk a committee of seven was appointed to hold further conferences with Vail and Davison and get the scheme in working order. I was a member of the committee.

"The committee met Vail and Davison in New York and we arranged to appraise' all the independent companies in the country, about 20,000 in all, and to divide them into classes. This was necessary to make way for stock readjustments, as the independents would go out of business if the plan went through. "The independents and the American Company agreed to a truce until plans were completed. The main point in this truce was that the A. T. & T. Co. was not to absorb any more smaller companies.

"Less than two months later the American broke its agreement and secretly took over the Kansas City Long Distance Company. This breach of promise broke up all plans for our merger." W. S. Vivian, secretary of the Independent Telephone Association, says that the A. T. & T. Co. did actually gobble up five companies. These five companies, he said, are running apparently as independent and as competitors of the American, but are really subsidiaries. The five he named are: The United States of Cleveland, O.; the Indianapolis Telephone Co.; the New Long Distance Company of Indianapolis; The Citizens' of Columbus, O., and the Kansas City Long Distance Co.

Vivian testified that all these purchases were made in an underhand way and kept a secret for the purpose of making subscribers believe competition existed. Chicago's own specter, the proposed gobbling of the Automatic Company and the Chicago Telephone Company, was also dragged into the proceedings. Attorney E. S. Pillsbury, representing the telephone trust, was very much annoyed about the protest against the merger of the two Chicago companies that has arisen. He spoke in a manner that indicated the Bell Company was very much peeved at the interference.