for infringement of his monopoly rights under the Telegraph Act 1869.

1880. The two companies amalgamated as the United Telephone Company Ltd. Mr Justice Stephen decided *(Attorney-General* v. *Edison Telephone Company,* 6 Q.B.D., 244) that the tele­phone was a telegraph, and that telephone exchange business could not legally be carried on except by the Postmaster- General or with his consent. The decision covered also future invention in regard to “ every organized system of communi­cation by means of wires according to any preconcerted system of signals.”

1881. The company’s appeal against the decision was withdrawn, the Postmaster-General agreeing to grant licences for restricted areas of about 5 m. in London and about 2 m. in the provinces. The licences merely condoned the infringement of the Tele­graph Act 1869, and did not confer powers to erect poles and wires on, or to place wires under, any highway or private property. The licensee was precluded from opening public call offices and from laying trunk lines from one town to another. The licences were for 31 years, expiring in 1922, without any provision for purchase or compensation, and were subject to the payment of a minimum royalty to the Post Office of 10 per cent. of the gross revenues. The United Telephone Company confined its operations to London sub­sidiary companies were formed to operate in the provinces. The Post Office at the same time established several telephone exchanges in provincial towns so as to enable the Postmaster- General “ to negotiate with the telephone companies in a satisfactory manner for licences."

1882. The Postmaster-General (Mr Fawcett) declared that he would issue no more licences unless the licensees agreed to sell telephones to the Post Office. As a result only eight companies out of over seventy that had applied obtained or accepted licences.

1883. The Post Office proposed to engage in active competition with the telephone companies, but the Treasury at that time opposed this policy on the ground that the state should at most be ready to supplement and not to supersede private enterprise.

1884. The licences within restricted areas having proved unsuit­able for the growing business, public opinion appealed to the Post Office to issue new licences applicable to the whole country. All limitations of areas were removed and licensees were allowed to open public call offices but not to receive or deliver written messages, and they were allowed to erect trunk wires. The royalty of 10 per cent. was continued. The Post Office reserved the right to compete either directly or by granting other licences, and it was under no obligation to grant way- leaves. The new licences were to terminate in 1911 without any provision for purchase or compensation in that year, but with the option to the government to purchase the plant of the licensees in 1890, 1897, or 1904 at a price to be deter­mined by arbitration. The United Telephone Company asked parliament for rights of way in streets but was refused, and its only right to place overhead wires was obtained by private wayleaves.

1885. The United Telephone Company again applied unsuccess­fully for right to lay wires underground.

1888. The application of the company for permission to lay wires in streets was again refused.

1889. After the withdrawal of the restriction against the com­panies erecting trunk wires it became evident that the develop­ment of the telephone services throughout the country would be facilitated by complete intercommunication and uniformity of systems, and that economies could be effected by concen­tration of management. The various companies therefore amalgamated as the National Telephone Company.

1890. The government had the option to buy out the companies under the licences of 1884, but did not exercise it. The Bell telephone patents expired. The National Telephone Company applied to the London County Council for permission to lay wires underground and continued efforts till 1899 to obtain this power, but without success.

1891. The duke of Marlborough, in the name of the New Tele­phone Company, inaugurated a campaign for cheaper telephone services, but the New Telephone Company was subsequently merged in the National Telephone Company.

1892. The National Telephone Company again applied to parlia­ment for powers to lay wires underground; public discontent with inadequate telephone services was expressed, and at the same time the competition of the telephone with the Post Office telegraph became more manifest. The government again changed its policy. It compelled the companies to sell their trunk wires to the Post Office, leaving the local exchanges in the hands of the companies. It also expressed willingness that the companies should have rights of way in the streets.

1893. The National Telephone Company again applied to parlia­ment for power to lay wires underground, but was refused.

1894. The draft agreement between the government and the National Telephone Company to carry out the policy of 1892 was submitted to parliament and led to much discussion. Local authorities (particularly London and Glasgow) refused to permit the company to lay wires underground.

1895. A select committee of the House of Commons (with Mr Arnold Morley, Postmaster-General, as chairman) was ap­pointed “ to consider and report whether the provision now made for the telephone service in local areas is adequate, and whether it is expedient to supplement or improve this pro­vision either by the granting of licences to local authorities or otherwise.” The committee was not unanimous and made no report, but merely submitted to the House the evidence it had taken.

1896. The trunk wires were transferred to the Post Office in pursuance of the policy of 1892, but for all practical purposes the local authorities had vetoed the permission of the govern­ment to the company to lay wires underground.

1897. The government had an option to purchase the plant of the company under the licences of 1884, but did not exercise it. The corporation of Glasgow having persisted in its efforts to obtain a licence, the Treasury appointed Sheriff Andrew Jameson (afterwards Lord Ardwall) a special commissioner to hold a local inquiry in Glasgow to report whether the tele­phone service in that city was adequate and efficient and whether it was expedient to grant the corporation a licence. The commissioner reported that the service was adequate but not efficient; that the rates were reasonable but that the corporation was responsible for unreasonably withholding facilities, thus rendering the service inefficient; that it was inexpedient to grant the corporation a licence because the funds of a city ought not to be applied for the benefit of a limited class of citizens; that delay and waste would result from two systems in one area and would increase the difficulties of the government in 1911; and that the corporation had not proved it could work the licence without placing a burden on the rates.

1898. The policy of the government was again changed; Mr R. W. Hanbury, Financial Secretary to the Treasury and representative in the House of Commons of the Postmaster- General, advocated the granting of licences to local autho­rities. A select committee was appointed with Mr Hanbury as chairman to consider “ whether the telephone service is calculated to become of such general benefit as to justify its being undertaken by municipal and other local authorities, and if so under what conditions.” The committee reported (9th August) that the telephone service was not likely to become of general benefit “ so long as the present practical monopoly in the hands of a private company shall continue.” The committee considered that the Post Office was not prevented either by legal agreement or by good faith from limiting or ending the monopoly of the company, and that competition appeared to be both expedient and necessary in order to extend and popu­larize the service and to avoid the danger that a purchase of the company's undertaking at an inflated price might be forced upon the government. While considering that a really efficient Post Office service would afford the best means for securing such competition, it recommended that general, imme­diate and effective competition should at once be undertaken either by the Post Office or by local authorities. The Associa­tion of Municipal Corporations passed resolutions on the 28th of April that “ the subject of telephonic supply should be treated as an imperial and not as a local one, and that the Postmaster- General should have the sole control of the telephone system,” and “ that in the event of the Postmaster-General not taking over the telephone service it should be competent for municipal and other local authorities to undertake such services within areas composed of their own districts or combination of such districts.”

1899. In pursuance of the report of the select committee, 1898, the Telegraph Act 1899 was passed to enable the Post Office to develop its telephone exchange business, for which a loan of ₤2,000,000 was sanctioned, and to empower local authorities, subject to certain conditions, to enter upon telephone business. The licence of the National Telephone Company was extended so as to be co-extensive with that of a competitive licence for any locality on condition that the company should afford intercommunication with the telephone systems of the new licensees. In short, all-round competition was authorized, and the Post Office decided to establish a telephone system in London in competition with the company.

1900. The Telegraph Act 1899, while providing for intercom­munication between the telephone systems of the local autho­rities and the company, did not give the Post Office the right to demand intercommunication between its exchanges and those of the company. The Post Office co-operated with the London County Council to put difficulties in the way of the company which had placed wires underground in London with the consent of the local road authorities. In February the Postmaster-General applied for an injunction to restrain the