

## NORVIN GREEN AND THE TELEGRAPH CONSOLIDATION MOVEMENT

BY LESTER G. LINDLEY\*

Barbourville, Kentucky

A paper given before The Filson Club, December 4, 1972

"[T]elegraph stock," Norvin Green lamented in 1859, "is the meanest property in the world." Given its "uncertain ties and dependence upon trickery," owning telegraph stock Green thought was "the next thing to stock in a faro bank. . . ."<sup>1</sup> On the surface this pessimistic attitude toward telegraph property might appear incongruous given Green's extensive involvement in the telegraph industry from the early 1850s. However, in examining the circumstances of telegraph development in the period from the late 1840s through the middle 1860s, Green's bleak assessment of telegraph stock was, in reality, an accurate analysis of internal difficulties which confronted the telegraph industry in the first two decades of its history.

The fears Green expressed epitomized a fundamental conflict within telegraphing as the industry matured—a conflict between forces which encouraged competition and those impelling telegraphers to consolidate their industry. These conflicts remained unresolved until the middle of 1866 when major telegraph companies consolidated under Western Union's leadership to form the nation's first large monopoly. In the late 1870s and early 1880s, however, the potential for renewed competition became a reality with the formation of the American Union Telegraph and the Postal Telegraph companies. By the late 1880s tension between a competitive and consolidated industry was resolved by leading telegraphers whose option was for consolidation.<sup>2</sup>

Norvin Green's career as a telegrapher demonstrates the tension between forces tending to keep the industry a competitive one, and the dynamics of antithetic factors which influenced telegraphers to consolidate their enterprises.

Green was born in New Albany, Indiana, in April 1818, but his

\*LESTER GALE LINDLEY, PH.D., a faculty member of the Union College History Department, Barbourville, Ky. has served also as an editorial assistant on the *Journal of Southern History*, and has published articles in the *Journal of Economic History*.

<sup>1</sup> Green to Mrs. Green, April 10, 1859. Norvin Green Family Papers, University of Kentucky [Microfilm], Lexington.

<sup>2</sup> For an extended history of telegraphing see: Robert L. Thompson, *Wiring a Continent: The History of the Telegraph Industry in the United States, 1832-1866* (Princeton, 1947); James D. Reid, *The Telegraph in America: Its Founders, Promoters and Noted Men* (New York, 1879); Lester G. Lindley, *The Constitution Faces Technology: The Relationship of the National Government to the Telegraph, 1866-1884* (unpublished Ph.D. dissertation, Rice University, 1971); pp. 1-40, 243-248; and Ida M. Tarbell, *The Nationalizing of Business: 1878-1898* (New York, 1936), pp. 35-50.

parents soon moved to Kentucky, where Green grew to maturity. As a teen-ager he operated a floating grocery store, using a flatboat to sell goods along the banks of the Ohio and Mississippi rivers. Later, by working as a woodcutter, he secured the finances for a medical education, and in 1840 graduated from the University of Louisville Medical College. In the first years of the 1850s he became interested in state politics and served in the Kentucky House of Representatives. In 1853 Green not only turned his back on medicine, but also rejected politics as a career, turning to a business career, particularly to telegraphing.

From his first interest in the new communications industry in the early 1850s to his death in 1893, Green was intimately involved in the industry. His career as a telegraph entrepreneur was longer than that of all other prominent nineteenth-century telegraphers. Writing to a former associate in 1886, for example, he observed that "many of our old friends have disappeared from the scene. . . . Only Sibley, yourself, Wade, our good friend Mr. Douglass of Louisville, and myself remain. . . ."<sup>3</sup> The men he mentioned, Hiram Sibley, Jephtha Wade and George L. Douglass, were all prominent telegraphers in the 1850s, but in the next decade they acquired different interests or relegated their telegraph business to second place. Green, on the other hand, went on to become a vice-president of Western Union in 1866 and its president in 1878, a position he held to his death.<sup>4</sup>

Green's involvement in telegraphing in the 1850s points to the factors which encouraged competition in the industry. At the outset of telegraph development it appeared that the patent Samuel Morse held for his invention would discourage competition. Morse sold interest in his patent to several prominent men who desired to exploit it for commercial purposes. One of the best known men to join him in this venture was Amos Kendall, Andrew Jackson's postmaster general. In the early years of the industry's expansion, from 1846 through the first years of the new decade, the Morse interests effectively used their telegraph patent to frustrate would-be competitors.<sup>5</sup> However, Morse's invention was not the only telegraph system which had practical application for rapid communications. For example, Royal House,

<sup>3</sup> Green to J. D. Caton, December 29, 1886. Norvin Green Papers, Letter Book 4, The Filson Club, Louisville, Kentucky.

<sup>4</sup> The biographical information on Green is in: Robert S. Cotterill, "Norvin Green," *Dictionary of American Biography* (20 vols., New York, 1928-1936) VII, p. 555; Descriptive File of the Norvin Green Papers, The Filson Club; *Louisville Courier-Journal*, February 12-13, 1893; J. S. Johnston, *Memorial History of Louisville* (2 vols., 1896), I, pp. 445-47; and Thompson, *Wiring a Continent*, pp. 290-291.

<sup>5</sup> Thompson, *Wiring a Continent*, pp. 97-105, 140-86; Reid, *The Telegraph in America*, pp. 197-219. Laurence Turnbull in *The Electro-Magnetic Telegraph* (Philadelphia, 1853), pp. 201-244 gives an extended analysis of the patent cases, with citations to specific litigation.

a native of Vermont, invented a printing telegraph system which was different from the Morse system.<sup>6</sup>

The House invention provided the needed technical alternative to Morse's patent for the New York & Mississippi Valley Printing Telegraph Company, a company that formed in 1851. Within five years this new company had reorganized twice, had expanded rapidly and in 1856 adopted a less cumbersome and a better known name—The Western Union Telegraph Company. By the mid-fifties it had constructed an imposing telegraph system, eminently capable of competing with any other company or companies.<sup>7</sup>

The second and more important factor encouraging competition was the expectation of aspiring telegraph entrepreneurs that the industry would provide quick profits. Morse's invention of the 1830s sparked the imagination of Jacksonian Americans. His work was undoubtedly a marvelous feat. Contemporaries tried to outdo each other in expressing the grandeur of telegraphing, one of them going so far as claiming that "The lightnings have been trained to utter the language of men!"<sup>8</sup> This may have been an enthusiastic exaggeration but it expressed commonly held attitudes about the new mode of communicating. On the practical level, Americans responded to the novel communications method with the hope that their section or their state would soon have telegraph lines. To fulfill this dream of an extensive telegraph network, empire builders planned systems connecting major cities of the country.

Supposedly, the reward for meeting the demand for rapid communications was dividend payments. The Magnetic Telegraph Company, the first private telegraph company to form, is a good example of the expectations men entertained for fast, easy profits in fulfilling public demands for telegraph services. The Magnetic Company, in need of funds for building lines into the interior, insisted that telegraph stock "commends itself to everyone, wishing to invest their funds where safety and profit are combined . . ." and indicated that it "promised far greater results, in a pecuniary point of view, than any investment that has ever been presented to the public." Depending on how the prospective investor read the company's prospectus, Magnetic Telegraph held out the possibility of dividends ranging from thirty to ninety-one percent.<sup>9</sup>

<sup>6</sup> Carl W. Mitman, "Royal Earl House," *Dictionary of American Biography*, IX, pp. 259-60; Thompson, *Wiring a Continent*, pp. 54-55; Reid, *The Telegraph in America*, pp. 455-64. The various telegraph manuals of the mid-nineteenth century give considerable attention to the different telegraph systems: Taliaferro Shaffner, *The Telegraph Manual* (New York, 1867); George B. Prescott, *History, Theory, and Practice of the Electric Telegraph* (Boston, 1860); Laurence Turnbull, *The Electro-Magnetic Telegraph*.

<sup>7</sup> The story of its early development can be found in Thompson, *Wiring a Continent*, pp. 259-98, and Reid, *The Telegraph in America*, pp. 455-87.

<sup>8</sup> J. W. Moore, "The Telegraph," *De Bow's Review* XV (August 1853), p. 109.

<sup>9</sup> *Deed of Trust, Articles of Association of the Western Telegraph Company*, (Cincin-

Thus, at the outset of the industry's history, there was a happy junction of the dreams and aspirations of telegraph entrepreneurs with the hopes and demands of the public.

The reality was altogether different from the promise. The combined hopes of an extensive telegraph system and quick profits proved to be an elusive will-o'-the-wisp. The industry experienced unbridled, reckless construction programs in the late forties and early fifties. Competing companies constructed duplicate lines where business for one wire barely existed. Numerous companies struggled bitterly for survival. Questionable construction techniques minimized costs but produced inoperable lines which required rebuilding. And instead of the projected dividends companies promised their investors, the outcome of these feverish construction programs, as often as not, was bankruptcy. James Reid, one of Green's colleagues, noted that a lot of these early lines "passed out of existence like smoke."<sup>10</sup>

Green's initial involvement in telegraphing came at the height of this intense competition in the industry. He became a telegraph entrepreneur in 1853, the very same year that the company with which he was associated, the New Orleans and Ohio Telegraph Company, merged with the People's Telegraph Company. The New Orleans and Ohio Company had formed in 1847, designed to link Pittsburg and New Orleans with wire service. At the same time a competing line, The People's Telegraph Company, had been projected to link Louisville and New Orleans. Louisville was an important center for both lines since it was a natural link between the North and the South.

The competition between the two companies became intense—a contest which the historian of telegraph development termed "the most sensational and strenuous in early telegraph history."<sup>11</sup> Neither company produced enough revenue to meet expenses, to say anything of paying dividends. By May 1850 the indebtedness of the People's Company had mounted to \$90,000. At some of its offices "the sheriff held the key."<sup>12</sup> The history of the New Orleans Company was better, but only because it was not as deep in debt as the People's Company.<sup>13</sup> Acknowledging the futility of continued competition, officials of the two companies merged their enterprises in May 1853.

Green was "the dominant spirit" behind this new company, which in 1856 was formerly incorporated as the New Orleans & Ohio Tele-

nati, 1847). The prospectus was dated December 21, 1846. The Western Telegraph Company was a western branch of the Magnetic Telegraph Company. The quote is from page 6; references to dividend payments are on pages 4 and 6.

<sup>10</sup> *The Telegraph in America*, p. 222.

<sup>11</sup> Thompson, *Wiring a Continent*, p. 149.

<sup>12</sup> Reid, *The Telegraph in America*, p. 201.

<sup>13</sup> Thompson, *Wiring a Continent*, p. 197.

graph Lessees.<sup>14</sup> Under Green's direction the company thoroughly rebuilt its lines and became one of the nation's most efficient companies. Stockholders felt the difference, since the newly-organized company started paying dividends within a year of the merger. By 1856 Green reported a "cash dividend of more than 20½ per cent for the year on a capital stock of \$100,000.00."<sup>15</sup> However, in 1859 the company confronted claims which had been unknown to it at the time of the merger and the lines were sold at a sheriff's auction. A new company, Southwestern Telegraph, was organized and again Green was its president. Green's presidency of Southwestern was as successful as his earlier presidency. Southwestern consistently paid dividends, even during the war period when a considerable portion of the company's lines was under military jurisdiction.<sup>16</sup>

Obviously, from the perspective of telegraph entrepreneurs, economic considerations indicated that telegraph consolidation was highly desirable. However, it was not simply a matter of economics alone. Telegraphers soon learned that the new electrical technology employed in the industry was intimately related to economic considerations. Unlike express or railroad companies it was a "well-established fact" that "few lines in America" could enjoy a profit with local business only.<sup>17</sup> Any company wanting to operate between Louisville and New Orleans needed the through business to enjoy profit. Certainly it could make some money from local business but the biggest share of its income would be from messages going the length of its lines and those it received from companies with connections to the east. Consequently, two lines competing for the Louisville-New Orleans business were not profitable, even though they had different routes and a distinct local clientele. This need for the through business was a primary consideration behind the merger of the New Orleans and the People's companies. Green recognized this need for through business in managing the newly-formed company. It would be one of his guiding principles during the remainder of his career.

The economics of telegraphing had even a closer relation to the new technology in another matter. Every telegraph enterprise confronted the problem of keeping its lines in order. Often enough wires broke, making it impossible to transmit telegraphs.<sup>18</sup> This was bad enough

<sup>14</sup> The quote is from *Ibid.*, p. 291.

<sup>15</sup> Green to James Eddy, September 5, 1856. Information relative to dividend payments is also in the President's Annual Report of 1856 for the New Orleans and Ohio Telegraph Lessees. Both documents are in the Norvin Green Papers at The Filson Club.

<sup>16</sup> Thompson, *Wiring a Continent*, pp. 290-97, 375-79; Reid, *The Telegraph in America*, pp. 197-213; Johnston, *Memorial History*, I, pp. 357-58; Cotterill, "Norvin Green," p. 555; Norvin Green to Pinckney Green, October 23, 1864, January 15 and February 4, 1865. Norvin Green Family Papers (UK).

<sup>17</sup> Shaffner, *Telegraph Manual*, p. 758.

<sup>18</sup> Large sections of the telegraph manuals mentioned in note 6 give attention to line repairs and precautions companies might take to minimize broken wires.

when the message was not going beyond the limits of the company receiving the telegram, but the difficulties were compounded if it had to be relayed by a connecting company. There was no uniform policy for companies to follow in reporting line disruptions. A message sent from New Orleans to New York had to be sent over the lines of several companies. Yet it might be lost, delayed or garbled without either the sender or the original transmitting company knowing what happened, or where the difficulties occurred. This not only caused a loss of revenue when companies had to refund money, but also produced bad public relations. Public disgust with lost or delayed messages resulted in reduced business and thus a loss of potential revenue.<sup>19</sup>

These economic considerations that emerged with the new electrical technology provided the impetus for the first serious cooperation between competing companies. In March 1853, just prior to the merger of the New Orleans and the People's Telegraph companies, prominent telegraphers formed the American Telegraph Confederation. The Confederation's objective was to harmonize methods of conducting telegraph business. For example, there were no uniform abbreviations which companies used, which made communications with connecting companies difficult. But "the greatest evil" of the business was the "absence of due responsibility" for delayed or lost messages sent over the wires of connecting companies.<sup>20</sup> To remedy this evil the Confederation urged companies with severe disruptions to notify the public that messages would be delayed.<sup>21</sup>

While the Confederation was a positive step in correcting an obvious weakness of telegraphing, it was only a beginning. It did not break down local pride, nor were its resolutions binding on companies which sent representatives to the meetings. Worse yet, the Confederation consisted of companies using the Morse system only. The aggressive Western Union Telegraph Company, using the House patent, looked upon the Confederation as an agency designed to crush it and prepared to do its best to break up this apparently formidable organization.<sup>22</sup>

Green had not participated in the proceedings of the Confederation, although his company sent representatives. But after Green became president of the New Orleans and Ohio Telegraph Company, he felt acutely the pressure from the expanding New York-based Western Union. By 1855 and 1856 Green's company had lost a lot of business,

<sup>19</sup> Thompson, *Wiring a Continent*, p. 145; "Address to the Presidents of the Several Companies Using Morse's Electro-Magnetic Telegraph," *Shaffner's Telegraph Companion*, I (January 1854), pp. 30-33.

<sup>20</sup> *Ibid.*, pp. 30, 31.

<sup>21</sup> *Ibid.*, p. 32. See Reid, *The Telegraph in America*, for the names of telegraphers attending the meeting and the complete list of resolutions it adopted, pp. 428-29; or Turnbull, *Electro-Magnetic Telegraph*, pp. 77-79.

<sup>22</sup> Thompson, *Wiring a Continent*, p. 261; Reid, *The Telegraph in America*, pp. 427-28.

which Green rightly attributed to Western Union's invasion of the territory his company served. In addition he was "very much in dread" of competing companies. Further, Western Union openly indicated it had plans for extending lines deep into Green's territory, even as far south as New Orleans.<sup>23</sup>

Hoping to avoid ruinous competition reminiscent of that between the New Orleans and the People's companies earlier in the decade, Green spearheaded a drive to assign specific telegraph companies the exclusive right to operate in designated sections of the nation. Green's labors were successful. In 1857 the major companies agreed to a division of telegraph business, termed the "Treaty of the Six Nations," or the Six-Party Contract. Each of the six major companies in the pact agreed not to construct competing lines in areas assigned to other companies. "In short, the new alliance aimed at nothing less than a monopoly of the nation's telegraph business by the signatures to the Six-Party Contract."<sup>24</sup>

As promising as the 1857 six-party contract was, it failed to blunt the competitive side of telegraphing. In the very year the six companies agreed to a division of territory, the American Telegraph Company proceeded with a vigorous campaign to gain undisputed control of the industry along the Atlantic seacoast. Simultaneously, leaders of Western Union aspired to monopolistic control of telegraphing. Even worse, from Green's perspective, Amos Kendall agreed to support a line seeking to invade the territory assigned to his company.<sup>25</sup> Upon completion of the six-party contract, Green had been confident that it was impossible for competing companies to enter his territory. However, he soon realized that regardless of the agreements telegraph companies might make, the likelihood of competition continued to exist. Fortunately, in April 1858, Kendall and Green came to terms, and the proposed line was not constructed. But mindful of the ever-present potential for renewed competition, Green labored "without

<sup>23</sup> Hiram Sibley to Jephtha Wade, October 22, 1856, and Wade to Sibley, September 2, 1856. Both of these documents are in the Jephtha Homer Wade Papers, Western Reserve Historical Society, Cleveland; Thompson, *Wiring a Continent*, p. 291.

<sup>24</sup> Thompson, *Wiring a Continent*, p. 361; Green discussed aspects of the agreement in Green to I. R. Elwood (Secretary of Western Union), January 23, and February 7, 1859, Wade Papers. Cotterill indicated that Green was "the first to conceive the idea of a national consolidation of the telegraph," and maintains that the 1857 idea was the first step in this direction. "Norvin Green," p. 555. He is probably right in stressing the importance of the 1857 agreement, but the idea of national consolidation goes back at least to 1848. In 1848 H. R. Selden indicated that the telegraph would be most useful and profitable when the entire system was under a unified management. Selden to Henry O'Reilly, November 7, 1848, Wade Papers. In his *Memorial History of Louisville*, Johnston, in discussing the 1857 pact, noted that telegraphing needed a "masterful mind" to solve problems confronting the industry, and thought that Green supplied it. I, p. 358. For a more extended discussion of the 1857 pact, see Thompson, *Wiring a Continent*, pp. 310-330.

<sup>25</sup> Green to Kendall, August 10, 1855, the Norvin Green Papers (FC).

stint" to achieve telegraph consolidation.<sup>26</sup>

The energy Green exerted working for telegraph consolidation brought few rewards. By the end of the 1850s Green knew that a bitter struggle between major telegraph companies was imminent. Little wonder then that Green complained about the "schemes of competition and treachery" under way in 1859, and about telegraph stock being the "meanest property in the world." Green's assessment of the future value of telegraph stock was so gloomy that he considered disposing of it if he found an "*auspicious time to sell*," and put his money into "something more substantial."<sup>27</sup> Fortunately, in spite of his grim prognostications, Green kept his stock and continued to manage Southwestern Telegraph during the Civil War.

By the fall of 1864, the company's dividends were "larger . . . more uniform and reliable than they [had] ever been." After conclusion of hostilities, the company's earnings increased. Half a year after Appomattox, Southwestern Telegraph was strong enough to purchase two companies operating in Texas and Arkansas. In short, Green's company appeared to be on solid ground, but his misgivings about the future security of telegraph investments would not down. In spite of the larger dividends at war's end, Green was "quite shaky about the permanent value of [his] stock." He reiterated his earlier intention of selling some of his telegraph investments in exchange for "a larger share" of holdings in "*security*." By this he meant "More real estate and more well secured bonds."<sup>28</sup>

On the surface it might appear that Green was unnecessarily "hollering" wolf. In reality, he was not. The war did not end the impending struggle that Green feared; it only postponed it a few years. As early as October 1864, Green considered consolidating with Western Union or the American Telegraph Company. Consolidation, he admitted reluctantly, would mean the end of Southwestern's corporate identity, and more critically, a reduction of dividend payments to the company's stockholders. However, Green concluded, lower dividend checks would only be temporary sacrifice of "present revenue for greater security and a stronger and more permanent stock—one that though paying small dividends, will always be sure to pay that with a steady and reliable increase. . . ."<sup>29</sup>

Like it or not, Green knew that consolidation was a prerequisite for continued security of telegraph investments. After the defeat of the Confederate rebellion, the dominant question in Green's mind was not

<sup>26</sup> Thompson, *Wiring a Continent*, pp. 319-30. The quote is from page 326.

<sup>27</sup> Green to Pinckney Green, April 10, 1859, Norvin Green Family Papers (UK).

<sup>28</sup> Green to Pinckney Green, October 23, 1864; July 23, August 31, 1865; May 7, 1866; Norvin Green Family Papers (UK).

<sup>29</sup> *Ibid.*, October 23, 1864.



the wisdom of consolidation, but which company to join. Green was confident that merger with the American Company would be best for the holders of Southwestern stock. Western Union he felt was overcapitalized. The American Company, by comparison, not only had an extensive system but one free of the evils of overcapitalization. Consequently, uniting with it would produce a new "stronger company, capable of large receipts and more clear profits. . . ." <sup>30</sup> As it turned out, Southwestern did merge with American Telegraph in January 1866. After the consolidation Green became a director in the newly-enlarged American company. <sup>31</sup>

This did not end the post-war consolidation movement. Just after Green's company merged with American Telegraph, Western Union consolidated with the United States Telegraph Company. The U.S. company had formed in August 1864, and had expanded as aggressively as both Western Union and the American companies. By early 1866 it was clear to U.S. managers that the future of their company was in doubt. This knowledge prompted them to merge with Western Union. <sup>32</sup> Thus, within a period of three months, both American and Western Union had grown larger through consolidations.

Historically, in the words of a contemporary, these two enterprises "were powerful and ambitious. Both had the smell of fight and the plume of victory upon them. They could be splendid friends or magnificent enemies." For a time, in the early post-war period, it seemed they would be enemies. Green was hopeful that a "general competition" between the two companies was "unavoidable." <sup>33</sup> It was; the companies became friends—through consolidation. Green had an important voice in the negotiations, and as before, his prime concern was not the pros and cons of consolidation. Throughout the negotiations he worked for the stockholders of the company he represented, to ensure them a fair share of stock in the enlarged Western Union. <sup>34</sup> This final consolida-

<sup>30</sup> *Ibid.*, February 4, 1865.

<sup>31</sup> Thompson, *Wiring a Continent*, p. 415.

<sup>32</sup> William Orton, the president of U.S. Telegraph at the time of the merger, became Western Union's president in 1866. At least a score of Orton's official letters, written just after the consolidation, were answers for U.S. stockholders who had inquired into the reasons for the consolidation. Invariably Orton's response was that the merger was for economic reasons. For example, in responding to one stockholder, he noted that "finding it impossible to make [the U.S. Company] a success, I advised the consolidation and the terms were accepted. I have no apologies to make," he continued, "or excuses to offer for the previous management of the Co. [prior to his becoming president in November, 1865], but the consolidation I am prepared to defend as well on the score of legality—as of necessity and prosperity." Orton to B. E. Bates, September, 1866, President's Letter Book, I. These letter books are in the Secretary's Office at Western Union, New York, New York. For more than a year after the consolidation, Orton answered stockholders' queries about the merger.

<sup>33</sup> Reid, *The Telegraph in America*, p. 520.

<sup>34</sup> Green to Pinckney Green, April 11 and May 7, 1866, Norvin Green Family Papers (UK); Thompson, *Wiring a Continent*, pp. 406-26; Reid, *The Telegraph in America*, pp. 518-40.

tion meant the end of competition in the rapid communications industry for a decade and a half.

Just prior to the final merger of 1866, Green wrote that if American Telegraph achieved "harmony with Western Union" one of the benefits would be that of putting telegraph stock "on a firmer basis as to prices." His hopes were fulfilled. Just after the consolidation, Green's wife wrote to their children that "The telegraph has consolidated. All of them have, and your Pa has made a large sum of money by the operation." In the consolidation settlement Green had been made vice-president of Western Union. This fact, along with the virtual ending of competition in the industry, eased Green's mind about the security of telegraph stock. A year after the consolidation he noted that although nearly half of the family's estate was in telegraph investments, "and require more watching than anything else we have," he thought they were safer now than ever before.<sup>85</sup>

Green had been the president of a telegraph company from 1853 to 1866. Although he was vice-president of Western Union following the post-war consolidations, he had time for other matters, especially prior to 1878 when he became Western Union's president. He gave a lot of time and energy to railroad and mining companies, in addition to his telegraph work. When he became Western Union's president, he again confronted the need of ensuring the continued security of telegraph stock.

Throughout the 1870s, Jay Gould had attempted to construct a telegraph system to compete with Western Union's. By the end of the seventies, after Green became Western Union's chief executive, Gould enjoyed remarkable success in constructing the American Union Telegraph Company. The competition that American Union created was effective, so effective that it depressed the price of Western Union's stock and reduced the revenue Western Union received from sending telegrams.<sup>86</sup> But effective as it was, the competition from American Union was short lived. Gould's company was not profitable by the

<sup>85</sup> Green to Pinckney Green, May 7, 1886; Mrs. Green to her children, June 27, 1886; Green to Mrs. Green, June 7, 1887. All of these documents are in the Norvin Green Family Papers (UK). The concern about stock fluctuations was still present in Green's mind, but it had become a blunted concern following consolidation. For example, he indicated that although he was paid well for watching his stock, "They [were] not an investment that I desire to hold permanently by any means or would be content to die and leave." Green to Mrs. Green, June 7, 1867.

<sup>86</sup> Green to E. D. Morgan, October 23, 1876; to Pinckney Green, May 12, 1877; to W. O'Brien, February 10, 1878; to Jephtha Wade, December 18, 1878; and to J. R. Duff, June 1, 1880. All of these documents are in Letter Book I, Norvin Green Papers (FC). Green to Hiram Sibley, September 30, 1879; to Gardiner G. Hubbard, December 1, 1879; and to A. J. Cassatt, January 3, 1880. These documents are in Western Union's President's Letter Book, Volume II of the Green Series. For a more extended discussion of the competition by American Union, see Julian Grodinsky, *Jay Gould: His Business Career, 1867-1892* (Philadelphia, 1957), pp. 269-85; Lindley, *The Constitution Faces Technology*, pp. 243-49.

end of 1880, and in February 1881 it merged with Western Union. Green favored consolidation instead of open war. Again, as in the mergers of the fifties and sixties, his criteria for consolidation was the "adjustment of the competition on any basis of justice or equity to the interests of the stockholders. . . ."<sup>37</sup>

The last threat to the security of Western Union's stock and revenues came from the Postal Telegraph Company. Postal Telegraph entered the communications business in 1886, and within a few months a disastrous rate war followed. Albert B. Chandler, the president of Postal Telegraph, deprecated open competition as much as Green did. Within a year the two presidents worked out an agreement which ended the rate war. Unlike his earlier activities to end competition, Green took a different tack with Postal Telegraph. Instead of an interchange of stock or property, the two companies agreed to a schedule of rates which ended competition. "The truce with Postal Telegraph left the Western Union virtual master of the field."<sup>38</sup>

Throughout his adult life, Green was one of the preeminent men in telegraphy in the nineteenth century. He entered the business at the height of its reckless expansion; a period of intense strife among competing companies. He was thus educated in the evils of a competitive industry from the very beginning of his career and realized that continued competition only meant insecure investments.

Men of Green's generation had been enticed to invest in the new industry with promises of great returns, but most of them discovered that the promises were "more seductive than remunerative."<sup>39</sup> Stockholders had invested millions of dollars without receiving any returns on their investments, inspiring one of Green's contemporaries to predict erroneously that the chances for sound telegraph investments in the future "[were] not very promising."<sup>40</sup> Not so, Green insisted. Circumstances could be altered. Consequently, Green devoted his energies to creating conditions which would make telegraph certificates promising investments. The key to this objective was consolidation, which, he was confident, would blunt the sharp fluctuations of stock values and dividend payments and would ensure stable, secure telegraph stock.<sup>41</sup>

<sup>37</sup> Green to W. and J. O'Brien, September 30, 1880, Letter Book I, Green Papers (FC).

<sup>38</sup> For a more extended analysis of this episode see Ida Tarbell, *The Nationalizing of Business*, pp. 35-49. The quote is from Tarbell, p. 42.

<sup>39</sup> Prescott, *History, Theory and Practice of the Electric Telegraph*, p. 249.

<sup>40</sup> *Ibid.*

<sup>41</sup> The desire for economic stability was a commonly held one among nineteenth century businessmen. Edward Kirkland, in his admirable study of business attitudes, noted that "Though businessmen of exceptionally bold and speculative temper may have welcomed the high winds and enjoyed steering their crafts to fortune through the current hazards of storm and wave, the generation [from 1860 to 1900] as a whole was more prone to seek security and reassurance than to welcome upheavals. Stability was its watchword." *Dream and Thought in the Business Community, 1860-1900* (Ithaca, 1956), p. 10. Green is an excellent case that substantiates Kirkland's observation.

Entrepreneurship, Stuart Bruchey noted in a recent analysis of American economic growth, "is a quality of alertness to the possibility of material betterment. . . ."<sup>42</sup> Measured by this standard, Green was an eminently successful telegraph entrepreneur. And that success hinged, to a large degree, on his determination to resolve the tension between a competitive and a consolidated industry in favor of unification.

---

<sup>42</sup>*The Roots of American Economic Growth, 1607-1861* (New York, 1965), pp. 208-209.