The Founding of RCA

When the United States entered World War I, the transatlantic radio telegraph station at New Brunswick, New Jersey, was taken over by the U.S. Navy. This station was owned by the Marconi Wireless Telegraph Company of America, which was controlled by the British Marconi Company. This station was equipped with a 50kW Alexanderson alternator installed by the General Electric Company for demonstration purposes. The Navy wanted the 50kW unit replaced by the 200kW alternator, which was nearing completion at General Electric. American Marconi refused to finance the change. Because of the dire war situation, GE, at its own expense, installed the 200kW alternator and remodeled the entire system to make full use of its capabilities, thereby providing the Navy Department with the only reliable transoceanic communication from June 1918 to March 1, 1920, when the station was slated for return to its owner.

Anticipating the day of return of this powerful station, British Marconi, in March 1919, opened negotiations with GE for the purchase of twenty four Alexanderson alternators, fourteen for American Marconi and ten for British Marconi, with exclusive rights for their use. The transaction was nearly completed when a report of the proposal reached the Navy Department. On April 15, 1919, Rear Admiral W.H.G. Bullard, Director of Communications of the Navy, and Commander S.C. Hooper of the Bureau of Engineering of the Navy Department, visited the offices of the GE Company. Admiral Bullard pointed out that such a sale would result in foreign interests maintaining a monopoly on worldwide communications for an indefinite period. He asked them, as patriotic Americans, not to make it impossible to form an American communications company powerful enough to meet competition of foreign interests. He proposed that GE organize an American radio-operating company, controlled wholly by American interests, which could exploit the advantages of the Alexanderson alternator in worldwide communications.

The GE Company ceased negotiations with the British Marconi Company and proceeded to work out plans for the proposed corporation. The master plan included the purchase of American Marconi and the rights to use much other equipment and many types of circuits, some of which were owned or controlled by organizations other than American Marconi. The officers of GE moved swiftly. Tentative agreements were made, each being contingent upon the confirmation of all. The parts of the puzzle dovetailed.
On October 17, 1919, GE caused to be organized under the laws of the State of Delaware the company known as the Radio Corporation of America. In the certificate of incorporation, it was provided that 'no person shall be eligible for election as a director or officer of the corporation who is not at the time of such election a citizen of the United States'. On November 20, 1919, the American Marconi Company was officially merged with the Radio Corporation of America. It continued to exist for legal purposes to wind up its affairs, but ceased to function as a communications corporation. On this same date, a cross-licensing agreement was affected between RCA and GE. On July 1, 1920, a cross-licensing agreement was concluded with GE and AT&T. By another agreement on the same date, these rights were extended to RCA and the Western Electric Company. A similar cross-licensing agreement between RCA and the Westinghouse Electric and Manufacturing Company was signed June 30, 1921.

It should be borne in mind that RCA was formed as an operating company for the purpose of providing ship-to-shore communication. It had no manufacturing facilities until the formation of a subsidiary company, RCA Radiotron, Inc., in 1930. Up to that time, RCA functioned as a distributing agent for apparatus (including vacuum tubes) made for it by GE and Westinghouse.