

## **Creation Stage 1876-1896**

- 1876 Bell patents telephone
- 1877 Original investors included Boston bankers, George Bradley, W.G. Salastonn and G.Z. Salisby had organized
- 1877 Western Union immediately replies by using their telegraph network only to be forced to give up its infrastructure in 1879
- 1882 Bell acquires Western Electric and signs an exclusive contract that created uniformity and also proved very profitable for Western
- 1894 AT& T acquires numerous patents and begins to prepare for competition
- 1896 Bell culminates a process of constant restructuring by moving the company to New York under ATT  
ATT shifts from holding company to centralized management structure

\*1899,1900, 1906 the annual rate of growth exceeded 22%

## **Competition and Regulation**

The most serious threat to Bell was the American Telephone, Telegraph and Cable company (headed by rival banker, Rockefeller) attempted to consolidate independents. *The Financial History of American Telephone and Telegraph Company*; Stehman, page 57

- 1905 Sublicensing becomes a “powerful weapon”
- 1906 Morgan finances ATT and breaks up consolidation efforts of the competitors
- 1907 States begin regulation of telephone, institute common carrier laws
- 1907 Vail returns, streamlines company, includes marketing and embraces regulation
- 1907 Loading coil introduced
- 1908 Western Union under the control of ATT
- 1910 Mann-Elkin widens state efforts of regulation but proves ineffective
- 1911 Radio Act of 1912: the federal government shut down all private radio operations in the United States.
- 1912 Kingsbury commitment forces divestiture of WUnion, puts ATT under ICC and requires connection/access

**World WAR and “Nugatory period”** p. 184, Page

- 1917 First Air-to ground and Ground to Air radio communications developed by Bell labs
- 1918 President Woodrow Wilson issued a proclamation assuming control of the telephone and telegraph systems in the United States, placing them under the direction of the Post Office Department as of July 31, 1918. This proclamation is issued under authority of a joint resolution of Congress. Western Electric and ATT become vital source of technology and manufacturing during wartime.
- 1919 The Bell System announces plans for the introduction of machine switching (dial telephones) in its exchanges. Cost studies have been underway since 1884. In January, certain long line rates are increased by 20% by order of the Postmaster. On July 30, Postmaster General A.S. Burleson signs an order returning the telegraph and telephone systems to private ownership. On November 8th, the first large machine switching exchange in the Bell system is brought into service in Norfolk, VA. This exchange uses the step-by-step system and is installed by the Automatic Electric Company of Chicago for the Bell System. Finally, Theodore N. Vail retires as president. Harry Bates Thayer is elected as president.
- 1920 Graham-Willis act solidifies the theory of natural monopoly and precludes it from anti-trust suits
- 1920 ATT has crippled Independent markets through price controlling, uniformity, and constant accumulation of independents  
Western Electric and ATT become vital source of technology and manufacturing
- 1920 KDKA
- 1921 Cross-licensing agreement further expands monopoly status, creates stability in telecom
- 1922 Transcontinental service (1915) becomes an increasingly important aspect for both the military and the consumer market
- 1926 ATT invents and patents sound motion picture
- 1926 Radio Act
- 1927 ATT goes into agreement with RCA and agrees to get out of broadcasting
- 1928 Lloyd Espenschied and Herman Affel applied for a patent for broadband coaxial cable, the first broadband transmission medium.
- 1929 Hoover’s statement sparks 34 point drop in ATT’s stock, the depression begins
- 1934 FCC created

