**PART 11 THE MONEY MATRIX: MEDIA**

**AT&T Public Relations aka Social Engineering: 1907-1939**

by Sue Peters

**Introduction**

“When a commercial bank makes a loan contract with a borrower, the bank CREATES the deposit in the borrower’s account.” Have you repeated this fact 15,000 times yet? Private banks CREATE what we use as money. They have never taken money from one account to loan to another. No, they always CREATE the borrower’s deposit for the loan.

**Congress Investigates AT&T – By 1935, the Largest Business in the World**

When the J.P. Morgan-led bankers installed Theodore Vail as AT&T President in 1907, Mr. Vail proclaimed the Bell System as “ONE POLICY – ONE SYSTEM – UNIVERSAL SERVICE”. Vail began the practice of “public relations” as a central corporate policy.

In 1935-1936, for two years, Congress authorized the Federal Communications Commission (FCC) to investigate the privately-owned public utility AT&T. The FCC was formed as an independent agency by the Communication Act of June 19, 1934, “For the purpose of regulating interstate and foreign commerce in communication by wire and radio...”(1)

The “Telephone Investigation” was “the first comprehensive study in the course of sixty years’ history of this largest business in the world.”(2) In 1939, N.R. Danielian published his book, *A.T.&T.: The Story of Industrial Conquest*, based on the hundreds of reports by FCC experts and thousands Congressional pages of interviews with A.T.&T. executives. The author showed how “…with the expansion of the channels of communication…Political propaganda has become an indispensable tool of business policy.”(3) All page references in the body of this article refer to this book.

**“Telephone Investigation” Findings - 1935-1936**

Danielian confirms the financial control of the bankers over AT&T and the Bell System. The bankers directed a self-perpetuating executive committee and president, residing over the only corporation at the time generating over a billion dollars of yearly revenue. AT&T was the holding company, which owned more than 50% of the stock in 19 Bell regional companies, which blanketed the nation. AT&T’s president had the power to vote the Bell companies’ stock and select their directors and officers. “The System constitutes the largest aggregation of capital that has ever been controlled by a single private company at anytime in the history of business.”(p.3)

The Bell System “wire… used for telephone, telegraph, radio, wire-photo, and teletype services… the nerve fibers of modern civilization.”(p.16)

**Public Relations aka Social Engineering**

Danielian’s conclusion: “… the Bell System is a political organization of the first magnitude… interested primarily in the retention of control.”(p.400) He points out that AT&T used “unrelenting propaganda and advertising by the use of every contact that is available to them.”(p.273) On p. 280, the author asked: “Whether the United States shall continue a democracy, or shall revert to a form of oligarchic control imposed by corporate states through assumption of state powers, today hangs in the balance.”

Here are just some of these social controls documented by the Telephone Investigation:

PUBLICITY DEPARTMENTS:

* AT&T and all local Bell companies had their own publicity departments, with annual conferences of company officials.

BANK ACCOUNTS:

* Each bank account was a chance to communicate with and influence a prominent citizen. Thus, the corporation used many more bank accounts in city and local communities than needed.
* From AT&T’s 1927 Treasurers’ Conference: “In the City of Chicago, eight accounts are not absolutely necessary… but in dealing with eight banks we have close relations with the leading financial interests of the city.”(p.287) “In the smaller communities, distributing the account to two or three banks… we have slightly more idle money… advantages obtained from additional contacts justify the practice.”(pp.287-288)

LABOR & EMPLOYEES:

* Bell employees are found throughout all states and counties.
* Employees are trained to be public relations agents with the public.
* Employees are encouraged to join business, social, scientific, professional, athletic associations and clubs - to sell the system not the service. From 1925 to 1934, Bell companies paid $4.9 million for employees’ dues in these social organizations: $4 million was charged to operating expenses, which were ultimately charged to the customer.

STOCKHOLDING:

* April, 1927, AT&T President Gifford characterizes the Bell System as “a public utility, publicly owned.” The typical advertisement shows a picture of a lonely old lady, peeling potatoes, described as “One of the Owners of the Bell System.”
* Stock sold to employees. And, sold by employees to customers.
* As of 1935, outstanding stock in hands of investors: 18,660,000 shares.(p.175)
* The largest number of stockholders of any concern in the U.S. But only 5.1 per cent of stockholders, according to the ledgers of AT&T, owned 50.5 per cent of the outstanding shares, as of September 16, 1925.(pp.176-179) Danielian: “It is still the estate of the large investor. It could not be otherwise, in view of the distribution of wealth in the… U.S.”(p.181)

CIVIC AND COMMUNAL LIFE – using every conceivable channel:

* Employ lawyers.
* Place insurance.
* Award contracts – hundreds of millions of dollars spent each year making purchases. For example, when printing the Telephone Directory, contracts were awarded to the highest bidder “due to local political reasons”(pp.289-290)

BOOKS:

* Paid authors to write and publish three books on telephony, but all the books were strictly distributed supposedly from ‘independent authors’ – all with strong condemnation of government ownership of utilities.

UNIVERSITIES:

* AT&T officers sought lectures at colleges and universities to give “sound thinking” about public utilities.

MOTION PICTURES:

* 1926-1935 AT&T produced 56 motion picture films for publicity purposes. They were distributed by Bell to theater managers, who used them since the films had no advertising and were for ‘information and education.” There were close to 1 million showings with an average audience of 442.
* The films were shown in schools and at civic meetings free of charge and an operator and project would be provided. During 1932-1935, Ohio schools showed *The Telephone Story* 5 thousand times, reaching over 1 million children.(p.305)

PRESS:

* Bell distributed suggested news materials and employees’ magazines to newspapers. Between 1926-1935, Bell distributed 1.2 million copies of a monthly AT&T bulletin.
* From 1915-1931, AT&T paid a syndicated news service $102 thousand dollars. The news service presented itself to newspapers as independent of industry.
* Intimate contacts with editors and reporters were established and systematically maintained by Bell representatives.
* Bell representatives attended regional press association meetings.

ADVERTISING:

* Between 1927-1935 Bell spent $51.9 million on advertising expenses.
* Bell advertising was directed at feelings, attitudes, emotions: constant progress -- telephone as convenience and necessity -- efficiency of operation -- constant service improvement -- popular ownership -- romantic aspects of communication.
* Bell dispensed this patronage to purchase good will.

POLITICS OF RATE ‘REVISIONS’ (NOT ‘INCREASES’):

* To reduce the public’s opposition to rate ‘revisions’, Bell companies enacted a coordinated campaign for public endorsement: newspaper advertisements – pay envelope enclosures to Bell employees – suggested talks to employees’ clubs and organizations – window posters

LOBBYING with ‘Legislative Agents’:

* In each state and District of Columbia, one or more attorneys or agents of Bell System watch all proposed and pending legislation.
* 1923 to 1936, Bell employed 251 field representatives, making a practice of employing the most influential local attorneys available.
* Bills are referred to the legal department of AT&T, who receive about 10,000 bills when state legislatures are in session, and about 5,000 bills during the off year.
* State manuals, governors’ messages, and legislative journals are forwarded to New York.
* Agents are asked to immediately report on subjects as: telephone, telegraph, corporations, trusts, monopolies, discrimination, taxation, eminent domain, utility regulation, public ownership, labor and its benefits, labor controversies.
* Notice of an introduction of a bill to be reported immediately by telegraph or telephone.
* Used indirect methods of private contacts with legislative and committee members.

Today, in 2022, the FCC is a captured agency of the telecommunications industry.

1. Act of June 19, 1934 (Federal Communications Commission Act); Public Law 73-416, 48 STAT 106. National Archives Identifier: [299839](https://catalog.archives.gov/id/299839).
2. Danielian, N.R. *A.T.&T.: The Story of Industrial Conquest*. New York: The Vanguard Press, 1939, Preface.
3. Ibid., Introduction, pp. 1-2.