

History of AT&T

AT&T can indirectly trace its history back to the original [Bell Telephone Company](#) founded by [Alexander Graham Bell](#) after his invention of the telephone. One of that company's subsidiaries was [American Telephone and Telegraph Company \(AT&T\)](#), established in 1885, which acquired the Bell Company on December 31, 1899 for legal reasons, leaving AT&T as the main company. AT&T established a network of subsidiaries in the United States that held a government-authorized phone service [monopoly](#), formalized with the [Kingsbury Commitment](#), throughout most of the twentieth century. This monopoly was known as the [Bell System](#), and during this period, AT&T was also known by the nickname Ma Bell. For periods of time, the former AT&T was the world's largest phone company.

In 1984, US regulators broke up the AT&T monopoly, requiring AT&T to divest its regional subsidiaries and turning them each into individual companies. These new companies were known as [Regional Bell Operating Companies](#), or more informally, Baby Bells. AT&T continued to operate long distance services, but thanks to the breakup, faced competition from new competitors such as [MCI](#) and [Sprint](#).

Southwestern Bell was one of the companies created by the breakup of AT&T. It wasn't long before the company started a series of acquisitions. This includes the 1987 acquisition of [Metromedia](#) mobile business, and the acquisition of several cable companies in the early 1990s. In the later half of the 1990s, the company acquired several other telecommunications companies, including some baby bells, while selling its cable business. During this time, the company changed its name to SBC Communications. By 1998, the company was in the top 15 of the [Fortune 500](#), and by 1999 the company was part of the [Dow Jones index](#).

In 2005, SBC purchased AT&T for \$16 billion. After this purchase, SBC adopted the AT&T name and brand. The original 1885 AT&T still exists as the long-distance phone subsidiary of this company. Today, the current AT&T owns 11 of the original 24 Bell System companies.

AT&T today is the seventh-largest company in the United States and the 14th largest in the world. It provides [landline phone](#) service, [long-distance](#), [mobile phone](#) service and cable television service.

Source: <http://en.wikipedia.org/wiki/AT%26T>

7. What prompted the breakup of AT&T?

By [Diane S. Katz](#), published on Aug.

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(excerpted and modified)

In 1974, the U.S. Justice Department filed a lawsuit against AT&T based on complaints by MCI and other long-distance service providers. The lawsuit went unresolved for eight years. But in 1982, the company settled with the government under conditions ordained by Judge Harold H. Greene of the Federal District Court for the District of Columbia.

The landmark settlement required AT&T to divest its local operating companies and limit its services to the long-distance market. Hence, in 1984, Michigan Bell became part of Ameritech, one of seven regional “Baby Bells” that assumed control of local calling services.

AT&T was allowed to continue manufacturing telephone equipment. (These operations were later spun off as Lucent Technologies.) Judge Greene retained jurisdiction over the case for more than a decade, effectively elevating himself to the role of national telecom czar. Virtually every major business decision required approval by both the judge and the FCC. ...

A subsequent series of mergers and acquisitions reduced the number of regional operating companies from seven to four: SBC, Verizon, BellSouth and Qwest — now commonly referred to as “incumbents.” In Michigan, Ameritech was acquired by SBC in 1999, while Verizon acquired GTE, another Michigan carrier, in 2000.

Competition in long-distance service has yielded dramatic consumer benefits in the form of lower prices and improved service quality. Average revenues per minute for interstate and international calls originating in the United States dropped from 62 cents per minute in 1983 to 10 cents per minute in 2001.^[15] In many instances, calling across state lines and even international borders costs less than local toll calls within a single state.

Source: <http://www.mackinac.org/6769>

- AT&T was accused of being what?
- What kind of complaints were being made and by whom?
- What new companies were created out of the old AT&T? Do you recognize any?
- How does the consumer ultimately benefit?