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BEATING THE SOUTHWESTERN BELL GOLIATH

The timidity of state and local governments' attempts to control polluters in Texas in the early 1970s was, by comparison with their control of the telephone company monopoly, fiercely aggressive. Texas was the only state without a public utility commission to regulate phone rates. That left regulation of local rates to cities. All but a few of the largest cities lacked the resources or political will to challenge the political and economic juggernaut that was "Ma Bell" or AT&T. It was then the largest corporation in the world and owned 82 percent of the nation's telephones. Rates for calls between cities in different states were regulated by the federal government. Rates for calls between cities in Texas were regulated by no one.

In such a lenient regulatory environment, the telephone monopoly prospered mightily. Texas' rate of return on investment exceeded the Bell company average for two decades. It was the most profitable state for AT&T in all but seven of the years between 1956 and 1973. It produced \$1.4 billion in revenue in 1973 for the five-state Southwestern Bell Telephone Company subsidiary of AT&T. Southwestern Bell leased 6 million telephones to its Texas customers. They were served by thirty-eight thousand employees working across the state in operations centers valued at \$3.5 billion.¹

Southwestern Bell was more than a major employer and economic presence in Texas. It was an institution, like the postal service or the electric company, that was essential to everyday living. Most adult Texans were like my parents, who grew up in rural areas where the arrival of telephone service in the 1920s and 1930s was a source of great celebration and a sense of pride. The goodwill generated by this national treasure that gave America the world's best and most affordable telephone service continued to warm the hearts of most older generations.