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Courteous Capitalism: Customer Relations, Public Opinion, and the Defense of Utility
Monopolies

By

Daniel Martin Robert

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy

in

History

in the

Graduate Division

of the

University of California, Berkeley

Committee in charge:

Professor Robin Einhorn, Chair

Professor David Henkin

Professor Richard Walker

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Courteous Capitalism: Customer Relations, Public Opinion, and the Defense of Utility Monopolies

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Abstract

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Daniel Martin Robert

Doctor of Philosophy in History

University of California, Berkeley

Professor Robin Einhorn, Chair

In the beginning of the twentieth century, as Americans erupted in righteous indignation over the flagrant abuses of monopolies, utility executives responded by launching four major public relations strategies. First, in a strategy I call courteous capitalism, executives compelled their clerks to exude “courtesy,” “sunshine,” and “patience” whenever these workers interacted with customers. By the late-1920s, public opinion toward corporate utilities had improved, but the cost to low level workers was high. Their plastered smiles and scripted pleasantries represented a great loss of emotional autonomy and a new level of managerial control.

Utility officers also sought to dissipate antimonopoly sentiment by remodeling the customer-service centers where most courteous interactions took place. To do this, executives tore down the bars, high counters, and frosted glass, which utilities had inherited from bank designs, and replaced these “closed offices” with new “open offices,” as managers called them. In doing so, executives hoped to architecturally communicate to customers the supposedly open and above-board operating practices for which utilities now wanted to be known.

Streetcar, electricity, and telephone executives also tried to improve public opinion and thwart government ownership by introducing “customer ownership.” To do this, managers required their employees to sell stock directly to customers. Since these customers were also likely voters, the dividends customers received were likely to pay dividends of their own, back to the company, whenever measures regarding utilities came up at the ballot box. By the crash of 1929, utility employees had directly sold stock to twenty percent of the total number of shareholding Americans.

Finally, utility officers produced immense amounts of publicity, including print matter, speeches, and movies. Yet executives never believed that publicity, or the other strategies of open architecture and customer stock ownership could replace courteous capitalism in terms of its public relations effectiveness. While historians have credited print and finance with everything from forming nations to fashioning consumers, in the case of forming enduring corporate monopolies, courtesy mattered most.

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D.M.R.
Berkeley

Introduction

In October of 1921, the vice-president of public relations for the Southern California Edison Company, Samuel M. Kennedy, rose to give a speech before executives of the Stone & Webster Company of Boston. The company's national portfolio of streetcar and electric utilities had recently been targeted by advocates of strict government regulation and outright government ownership, and the company had called on Kennedy to advise them how best to fend off their reform-minded rivals and dissipate the public dissatisfaction on which they fed. The stakes were high. Advocates of municipal ownership had recently scored some major victories, as Kennedy knew all too well from the municipalization of his own company's Los Angeles properties in 1917. Since that time, Kennedy had given serious thought to the emerging field of public relations, implemented a comprehensive makeover of his own company's public relations strategies, and written a book on the subject, which utilities executives considered "the bible of the industry." Kennedy was now widely regarded as an expert in "Transforming Public Opinion," the title of the speech he was now prepared to deliver.¹

"The day has long since passed when the management of any industrial or utility organization can ignore public opinion," Kennedy declared. Corporations could no longer ride roughshod over the political opinions and social expectations of customers, as they once had. What mattered now was public opinion and to transform it corporations needed "the right article in the way of a piece of humanity" at all "points of contact" between the corporation and the customer. "You need to have nice girls answer the phone," Kennedy instructed, "so their voice will make the customer say, 'this is something I am looking for.'" "The elevator operator meets more people than the general manager. Does he do it in the right way?...The collector greets more consumers than the treasurer. Does he perform the difficult task of taking people's money and leaving them pleased?" Obtaining the desired behavior from clerks would require "careful instruction and continued education," Kennedy cautioned, but "the human machinery must be toned up."²

The discussion that followed the speech revealed unanimous agreement among the executives in attendance. Rude clerks had been what cost the Southern California Edison Company its Los Angeles business, according to one Stone & Webster executive. Rudeness was also the insult added to injury that had made the Southern Pacific Railroad the most hated corporation in America, in this businessman's appraisal. He recalled an example to prove his point. He had once been standing in line behind a "refined elderly lady" who asked a Southern Pacific ticket agent "in a very pleasant tone" for a Pullman car from Los Angeles to San Francisco for that night.

"Haven't got any," the agent replied.

"Then I'll have to get one for tomorrow night," she said.

"Haven't got any for that night either."

¹ "Address of M. H. Aylesworth, executive manager, National Electric Light Association," *National Association of Railway and Utilities Commissioners, Proceedings of the Thirty-Third Annual Convention, Atlanta Georgia, October, 11-14, 1921* (New York: The State Law Reporting Company, 1921), 323; "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

² Kennedy, "Transforming Public Opinion," 6, 9, 24-25, 45, Box 289, Folder 26, SCE Records.

“Then I’ll probably have to take one for the next night.”

“Haven’t got any for the rest of the week.”

“What can I do then? Is there any other way I can get to San Francisco?”

In a gruff voice he replied, “Yes, you can walk.”

“That was the attitude of the Southern Pacific at that time,” the executive recalled, “that is why it became so thoroughly disliked.”³

The idea that clerical behavior represented both a cause and solution to the political problems of utilities was not confined to this room of executives. In the early twentieth century, hundreds of similar meetings took place in which streetcar, electricity, gas, and telephone executives strategized about how to use courtesy to improve public opinion, dissipate antimonopoly sentiment, and fend off government ownership. The logic was simple, though at the time it represented a radical shift in managerial thinking. Public opinion now ruled the political economy of the United States, these executives believed. No industry structure, regulatory decision, or rate hike could survive if it violated the court of public opinion. “The world today is ruled by public opinion,” declared AT&T vice-president Nathan Kingsbury in 1912.⁴ “Public sentiment controls the ultimate destiny of every utility company,” echoed Samuel Kennedy in 1922.⁵ “Legislative acts follow public opinion,” a streetcar lawyer confirmed in 1929.⁶ Since it was axiomatic among executives that public opinion was simply the aggregate of individual customer opinions, executives set out to improve public opinion, one courteous customer interaction at a time.

The strategy would not work overnight, executives knew, but they firmly believed that a consistent application of implacable courtesy and obsequious deference toward customers would eventually ingratiate monopolies with a skeptical public. With public opinion on their side, corporate officers could secure the coveted monopoly franchise permits and profitable rate hikes that the old methods of legislative bribery, stock-watering, and rate-gouging no longer afforded.

I call this strategy courteous capitalism and it profoundly impacted the management theory of executives, the work experience of clerks, and the antimonopoly sentiments of customers. At streetcar, electricity, and telephone corporations across the

³ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 45.

⁴ N. C. Kingsbury, *Publicity: A Paper Presented May 7, 1912 before the Philadelphia Telephone Society*, Folder: Publicity; Box 1; Record Group No. 6: Publications, 1893-1912; Collection No. 6: AT&T Corp; AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX).

⁵ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 123.

⁶ W.L. Willkie, General Counsel, Northern Ohio Power and Light Company, “At the Public’s Service,” *Proceedings of the American Electric Railway Association, 1929* (New York: American Electric Railway Association), 19; this was almost certainly Wendell Lewis Willkie, the future Republican nominee for president in 1940. Willkie was a prominent in public utility circles in the 1920s, especially in Ohio, yet only his initials are provided in this source. Willkie’s law partner, Bernard F. Weadock, served as special counsel to the National Electric Light Association during the Federal Trade Commission investigation in the late 1920s. Ref. *American National Biography Online*, s.v. “Willkie, Wendell Lewis,” by James H. Madison, <http://www.anb.org/articles/06/06-00718.html>; Bernard F. Weadock, Special Counsel, “Federal Trade Commission’s Investigation,” *Proceedings of the Fifty-second Convention of the National Electric Light Association*, Fourth General Session (New York: National Electric Light Association, 1929).

United States, managers began compelling their clerks to exude “courtesy,” “friendliness,” and “sympathy” whenever these workers interacted with customers. Supervisors instructed clerks to display “a smiling courteous demeanor,” exhibit “a world of patience,” and emit a “ray of sunshine during the entire day.” Only then would customers warm up to the corporate monopolization of crucial utility services.⁷ Far from purging the emotions from their organizations in the name of efficiency, as Max Weber was currently theorizing, utility executives infused emotion into their corporations in the name of survival.⁸

To obtain this courteous conduct, executives developed intensive training programs effecting hundreds of thousands of clerks at some of America’s largest and most economically important companies, including AT&T, the Southern California Edison Company, and the Market Street Railway. Close managerial supervision, lurking “mystery shoppers,” and solicited customer feedback enforced this courteous behavior at the customer-clerk border. As the strategy of courteous capitalism matured, managers began scrutinizing everything about their clerks, including their phrases, body language, voice inflection, eye-contact, clothing, and even their combed hair, trimmed nails, and fresh breath, all in an effort to improve public opinion.⁹ By the late-1920s, public opinion had improved, but the cost to low-level employees was high. Their plastered smiles and scripted pleasantries represented a great loss of emotional autonomy and a new level of managerial control.

In implementing the strategy of courteous capitalism, utility executives laid claim to their employees’ emotional expressions, excavating and filtering their workers’ souls as a resource for their company’s political and economic goals. Executives no longer merely wanted their workers’ brains and brawn, they wanted their employees’ emotions as well. This use of employee emotions bore similarities to what sociologist Arlie

⁷ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 106; P. H. Gadsden, Vice-President, United Gas Improvement Co., “The Committee Chairman’s Viewpoint,” *Proceedings of the Forty-seventh Convention of the National Electric Light Association* (New York: National Electric Light Association, 1924) (hereafter *NELA Proceedings* (1924)), 152-55; Richard E. Smith, “The Fellow In the Street,” *Edison Current Topics* 8, no. 8 (August 1919): 91, Box 308, Folder 7, SCE Records; Paul C. Rawson, “Prize-Winning Article in Forbes Contest,” *NELA Proceedings* (1924), 178; G. C. Staley and F. C. Jordan, “The Utility Customer,” *Journal of the American Water Works Association* 16, no. 5 (November 1926), 645; W. P. Graef, Chief Salesman Pasadena District, “The Electrical Salesman,” *Edison Current Topics*, May 1912, 19-21, Box 308, Folder 1, SCE Records.

⁸ Max Weber, *The Theory of Social and Economic Organization*, trans. A. M. Henderson and Talcott Parsons (Glencoe, IL: The Free Press, 1947), 340; first published in German in 1920.

⁹ “Service Sampling Check List for Desk Men,” in Byron F. Field, Superintendent, Training Division, Commonwealth Edison Company, Chicago, “Appendix C: Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 15; “Training For Better Public Contact—III: Building and Conducting the Training Program,” *NELA Proceedings* (1929), 1541; Bell System, *Training for Service*, video, 1926, <http://techchannel.att.com/play-video.cfm/2013/7/3/AT&T-Archives-Training-For-Service>; “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” , 18-19, 32, Box 289, Folder 26, SCE Records; Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 7; “The Counter,” *The Pacific Telephone Magazine*, February 1920, 3, AT&T-TX.

Hochschild has called “emotional labor” in her insightful study on the work of flight attendants in the 1970s.¹⁰ But courtesy at utility monopolies was not simply a common sense business strategy to beat the competition. Monopolies had no competition. Rather, courteous capitalism was a political strategy, designed to thwart government ownership, rein in regulation, and keep those monopolies private.¹¹ Utility executives not only commodified their workers’ emotions, they politicized them as well. This inserted a political dimension into the interactions between customers and clerks that was absent from traditional market settings such as airlines, department stores, and restaurants. Yet, the goal of courteous capitalism was not simply to control the emotions of clerks, but to use those emotions to mold the political sentiments of utility customers.

The advent of courteous capitalism can therefore help answer an important question of American political economy: why did antimonopoly sentiment in the 1920s decline? The sentiment can be traced at least as far back as Andrew Jackson’s famous Bank Veto of 1832, in which he emphatically declared that “every monopoly and all exclusive privileges are granted at the expense of the public.”¹² The rise of giant railroad and telegraph monopolies in the late-nineteenth century only exacerbated this antimonopoly sentiment, as evidenced by the politics of the Grangers, Knights of Labor, and Populists.¹³ In the decades surrounding the turn of the twentieth century, urban Americans caught the antimonopoly fever as streetcar, telephone, and electricity monopolies began treating customers in a high-handed and contemptuous manner even while depending on citizens and voters for franchise permits and rate hikes. On the eve of the stock market crash of 1929, however, thousands of monopoly streetcar, gas, electricity, and telephone companies enjoyed the very monopoly privileges that so many Americans had vilified, yet popular protest was muted.

How can this political change of heart be explained? Did “the people” rein in “the interests” with the harness of regulation, as some historians have argued? Or did the interests fit themselves with the harness and take the people for a ride, as others have written? Or, did the people and the interests solve the problem of monopoly through a consensual process, as still other historians have argued? The problem with these explanations is that they linger in the political economic stratosphere of elite company presidents, politicians, and regulators. A few Progressive politicians stand in for “the people” while the actual formation of political sentiments among millions of Americans remains vague.¹⁴

¹⁰ Arlie Russell Hochschild, *The Managed Heart: Commercialization of Human Feeling* (Berkeley, University of California Press, 1983), 5-7.

¹¹ See Susan Porter Benson’s *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Champaign: University of Illinois Press, 1988); Dorothy Sue Cobble, *Dishing it Out: Waitresses and Their Unions in the Twentieth Century* (Urbana: University of Illinois Press, 1991).

¹² Andrew Jackson, “Veto Message,” July 10, 1832, http://avalon.law.yale.edu/19th_century/ajveto01.asp.

¹³ Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: University of Chicago Press, 1999), 37, 267-68, 387-88; Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007), 277.

¹⁴ Gabriel Kolko, *The Triumph of Conservatism: A Re-interpretation of American History, 1900-1916* (New York: Free Press, 1963); James Weinstein, *The Corporate Ideal in the Liberal States: 1900-1918* (Boston: Beacon Press, 1968); David M. Kennedy, “Overview: The Progressive Era,” *Historian* 37, no 3 (May 1975): 453-468; Robert H. Wiebe, *The Search for Order, 1877-1920* (New York: Hill and Wang,

More recently, historians such as Richard R. John and Robert MacDougall have written excellent studies on the political economy of utility networks that take a more nuanced approach. These scholars continue to focus on corporate officers and politicians, though they at least acknowledge customers. Yet these scholars often view customers as essentially rational economic actors. For John, antimonopoly sentiment declined in the early twentieth century partly because consumers became willing to trade special privileges, such as monopoly permits, in exchange for user benefits, such as low rates. For MacDougall, the Bell System secured its monopoly partly because businessmen wanted one interconnected telephone system. For both, however, politicians and executives possessed most of the power.¹⁵

Other historians, such as David Nye and Claude Fischer, have simply ignored the politics of utility technology and instead focused on the social history of interacting with that technology.¹⁶ But how did the social interaction relate to the political economy? Roland Marchand has blazed the trail in asking this question, and has sought to answer it primarily through an analysis of advertising. Yet many questions remain underexplored.¹⁷ How did the everyday interactions between customers and clerks shape the political sentiments of customers and voters? How did the contemptuous corporate culture of the late-nineteenth century exacerbate antimonopoly sentiment and how did the obsequious corporate culture of the 1920s mollify an angry public? Where did these public relations strategies originate, how did they spread, and what effect did they have on the management theories of executives, the work experience of clerks, and the political opinions of customers? This study answers these questions by following executives as they conceptualize a causal link between customer service at the lowest levels of corporations and political regulation at the highest levels of government. By joining social history to political economy “Courteous Capitalism” offers a new explanation for how Americans relinquished their antimonopoly sentiment and came to accept the peculiar institution of monopoly capitalism.

Beginning in the first decade of the twentieth century, utility executives started to realize that consumption was much more than the simple exchange of goods and services for money. Consumption also involved the exchange of words and looks, smiles or scowls. Economic transactions were also emotional, visual, and interpersonal transactions and utility executives came to view these aspects of exchange as at least as important as the exchange of fees for service.

According to the executive practitioners of courteous capitalism, their big business predecessors of the late-nineteenth century, especially in the railroad industry,

1967); Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, MA: Belknap Press, 1988).

¹⁵ Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2010), 407; Robert MacDougall, *The People's Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 195, 197; Thomas Parke Hughes, *Networks of Power: Electrification in Western Society, 1880-1930* (Johns Hopkins University Press, 1983).

¹⁶ David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990); Claude S. Fischer, *America Calling: A Social History of the Telephone to 1940* (Berkeley: University of California Press, 1992).

¹⁷ Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998).

had entirely missed the personal aspects of business and had suffered the regulatory consequences. “There cannot be the smallest doubt that a persistent condition which may be described as corporate bad manner[s] was in large measure responsible for the exceedingly bitter attacks upon railroads which characterized the so-called Granger period, in the seventies, and, more recently, in the Roosevelt administration,” declared a railroad industry journalist, Ray Morris, in 1910. One of the main causes of this animosity, Morris argued, was rude station agents who were “the only representative of the road with whom most travelers and many small shippers ever come in contact.” A rude agent, Morris observed, “never fails to make enemies for his company, and not infrequently is the source of an accumulation of petty grievances that find their expression at election time.”¹⁸ In 1913, a railroad executive echoed Morris’ observations. “It is, no doubt, true,” he wrote, “that little things—the abruptness of an agent or a trainman, a lack of proper courtesy, inattention to the complaints of the public, dilatoriness—often cause quite as much criticism from the public as things of greater importance.”¹⁹ Outside observers agreed. In 1909, Hamilton Mabie, the editor of the popular weekly magazine, *Outlook*, wrote to streetcar executive William McAdoo that “bad manners are at the bottom of a great deal of the irritation against transportation in all its forms;” but that “good manners will go a long way toward bringing railroads and their patrons together.”²⁰ This was precisely the idea behind courteous capitalism.

Executives practicing courteous capitalism also understood other popular management theories of their time, such as welfare capitalism. But while welfare capitalism aimed to solve the utilities’ internal labor problems, courteous capitalism aimed to solve the utilities’ external political problems. Yet the two were related. If clerks could be made more content through welfare capitalism, they might pass on that contentment to customers, executives reasoned. Welfare capitalism therefore often functioned in the service of courteous capitalism at utilities.

Executives employing courteous capitalism also understood the popular management theories of system and efficiency. Yet utility officers realized the customer service line was not the assembly line. Customers could not be rushed, even if that increased efficiency. Customers wanted to feel like individuals and that required a personalized exchange. Samuel Insull, the influential president of the Commonwealth Edison Company, advised his clerks to chat with customers about the weather since it might make customers “feel more agreeable” and make them forget their “desire for a discussion as to the amount of that particular electric light or gas bill.”²¹ By personalizing

¹⁸ Ray Morris, *Railroad Administration* (New York: D. Appleton and Company, 1910), 202-03, 210; Alan R. Raucher, *Public Relations and Business, 1900-1929* (Baltimore, Maryland: The Johns Hopkins University Press, 1968), 39-40.

¹⁹ Howard Elliot, *The Truth About the Railroads* (New York: Houghton Mifflin Company, 1913), xii.

²⁰ Hamilton W. Mabie to William McAdoo, 7 April, 1909, Box 12, McAdoo Scrapbook, Volume 1, William Gibbs McAdoo Papers, The Huntington Library, San Marino, California. (hereafter McAdoo Papers).

²¹ “Address of Mr. Insull Before the First Annual Meeting of the Co-Operative Council of the Public Service Company of Northern Illinois, Chicago, December 7, 1921,” 19-20, Folder 20-8, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

customer service, executives sought to reduce the anonymity of giant monopolies and customize customer service on a large scale.²²

In addition to using courteous capitalism, utility executives sought to improve public opinion toward corporate utilities by remodeling the customer service offices where most of the courteous interactions took place. Beginning in the early twentieth century, utilities tore down the bars, high counters, and frosted glass, which they had inherited from bank design, and replaced these “closed offices” with new “open offices,” as managers called them. By eliminating obstructions to bodies, sights, and sounds, executives hoped to architecturally communicate to customers the supposedly open and above-board operating practices for which utilities now wanted to be known.²³

Upholstered chairs, rich carpets, and fresh flowers decorated the interiors of these open offices, while their exteriors resembled the single-family homes in the surrounding residential neighborhoods. This corporate domesticity, as it may be called, overlaid managerial capitalism with a veneer of middle-class values in a bid to diminish consumer anxiety over the rise of monopoly capitalism.

Architectural historians have largely focused on the symbolism and importance of downtown skyscrapers, yet branch offices—monopoly capitalism’s architectural ambassadors to America—were far more numerous than skyscrapers, architecturally distinctive in their own right, and heavily patronized by the public.²⁴ As utility use skyrocketed in the 1920s, customers streamed into these offices to sign up for service, pay their bills, or dispute charges. Like the strategy of courteous capitalism, open offices were not designed to sell product. Many utility offices did not even have any products to sell. Instead, open offices were designed for the political mission of improving public opinion toward monopolies. By the late-1920s, hundreds of open offices appeared in towns and cities throughout the country, making these meek branch offices, rather than the defiant downtown skyscraper, the physical symbol of monopoly capitalism for many, if not most, Americans.²⁵

²² This is the opposite of what Susan Strasser argues occurred in general during the Progressive Era, “Customer to Consumer: The New Consumption in the Progressive Era,” *OAH Magazine of History* 13, no. 3 (Spring 1999), 10-14.

²³ “New Edison Building Beautiful and Modern,” *Edison Current Topics* 8, no. 1 (January 1919): 4, Box 308, Folder 7, SCE Records.

²⁴ Louise A. Mazingo focuses on suburban corporate campuses and estates, rather than skyscrapers, though these were probably still not as common as branch offices, *Pastoral Capitalism: A History of Suburban Corporate Landscapes* (Cambridge, Mass.: The MIT Press, 2011). For more on skyscrapers see Daniel Bluestone, *Constructing Chicago* (New Haven, CN: Yale University Press, 1991); Sigfried Giedion, *Space, Time and Architecture: The Growth of a New Tradition* (Cambridge, MA: The Harvard University Press, 1941); Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998), 36-41.

²⁵ The Bell System operated 400 open offices in 1930, “Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 15, File: Conference, 1926, 1931, Box 10, Record Group 5: Pacific Telephone & Telegraph; Collection 3, AT&T-TX; R. S. Masters, R. C. Smith, and W. E. Winter, *An Historical Review of the San Francisco Exchange* (San Francisco: Pacific Telephone and Telegraph Company, 1927), 104-06; “Building for Service,” *Bell Telephone Quarterly* 7, no. 2 (April 1928), 78; Richard Storrs Coe, “Bell System Buildings—an Interpretation,” *Bell Telephone Quarterly*, July 1929, 205; “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,”

Utility executives also sought to improve public opinion and undermine public ownership by introducing “customer ownership.” To identify potential customer-owners, executives bypassed traditional brokerage firms, which mainly catered to the rich, and instead required their employees to sell stock directly to their customers, friends, and neighbors. Since utilities employed clerks, conductors, and meter-readers, as well as engineers, lawyers, and accountants, utilities were able to reach tens of thousands of Americans who would not normally have walked into a brokerage or been solicited by a securities broker. By farming these interstitial regions of America’s financial landscape, utilities harvested millions of dollars in stock, but as executives explicitly made clear, the goal of all this stock selling was not to raise capital, but to raise political support. The president of the Southern California Edison Company, John B. Miller, flatly told an audience of electricity executives in 1924, “our activity has been wholly along the line of securing partners, not of raising money.”²⁶

Past and current scholarship has identified the origins of customer ownership as beginning with AT&T after World War I, but this was not where corporate executives and *Wall Street Journal* editors located the strategy’s origin. They unanimously credited the Pacific Gas & Electric Company of San Francisco with inventing customer-ownership during the Progressive Era and praised the company for its organizational ingenuity in the face of the political threat of public ownership. The strategy then spread like wildfire throughout the streetcar, gas, electricity, and telephone industries. By 1929, over 200 utility companies throughout the United States had launched customer-ownership programs. Together, employees at these companies sold stock directly to no less than twenty percent of the total number of shareholding Americans by the crash of 1929.²⁷ Customer demand was not the only cause of the overheated stock market of the late-1920s. Corporate supply through face-to-face contact mattered, too.

Box 289, Folder 26, SCE Records, 17-18; “Merchandise Sales,” *Public Service Company of Northern Illinois Year Book 1928*, 22, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

²⁶ Customer Stock Ownership Committee reports in the following places: *NELA Proceedings* (1922), 1922, 1:70; *NELA Proceedings* (1924), 199; *NELA Proceedings* (1925), 209; *NELA Proceedings* (1926), 323; *NELA Proceedings* (1927), 227; *NELA Proceedings* (1928), 254; *NELA Proceedings* (1929), 1509; *NELA Proceedings* (1930), 1253; and Edwin H. Robnett, Chairman, Public Service Corp., Newark, N.J., “Report of Committee on Customer Ownership,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 119; *Annual Report of the Bell Telephone Securities Company, 1929*; *AT&T Annual Report for the Year 1929*, 11; John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 208.

²⁷ Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors’ Democracy* (Harvard University Press, 2011), 151, 153; N. R. Danielian, *AT&T: The Story of Industrial Conquest* (New York: Vanguard Press, 1939), 184; “Capital Grows Through ‘Customer-Ownership Plan,’” *Wall Street Journal*, October 6, 1921; John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 207; “Customer Ownership Committee,” Public Relations National Section, *NELA Proceedings* (1927), 215-237; *Annual Report, of the Directors to the Stockholders for the Year Ending December 31, 1921: American Telephone & Telegraph Company* (New York, 1922), 15; *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1928* (New York: 1929), 9. For estimates of the total number of stockholding Americans in 1929 see Walter A. Friedman, *Fortune Tellers: The Story of America’s First Economic Forecasters* (Princeton, N.J.: Princeton University Press, 2014), 8; Edwin J. Perkins, *Wall Street to Main Street: Charles Merrill and Middle-Class Investors* (Cambridge University Press, 1999), 86; Gardiner C. Means, “The Diffusion of Stock Ownership in the United States,” *The Quarterly Journal of Economics*, 44, no. 4 (August 1930), 565.

If courteous capitalism, open offices, and customer stock ownership represented such important public relations strategies, why did utilities also engage in good-will advertising? As Roland Marchand and David Nye have shown, utility monopolies advertised heavily. Yet this advertising was often aimed not at newspaper readers, but at editors. In the 1920s, purchases of advertising space by utility managers routinely functioned as a bribe to persuade editors to publish articles extolling the virtues of corporate monopolies. This ads-for-articles scheme was especially prevalent among small-town editors who thirsted for the advertising revenue that large utilities could provide and who were conveniently located where many of the municipal ownership fights of the 1920s took place. In thousands of documented cases, newspaper editors published whole articles and editorials authored by utility publicists in exchange for advertising dollars. In nearly all cases, no attribution to the articles' original source appeared and in many cases, the articles appeared below the name of the editor. By disguising their political message in newspaper columns, utility executives sought to convince Americans that corporate monopolies operated in the customers' best interest.²⁸

Utility officers also sought to control the public sphere in ways that went far beyond newspaper content. Utility publicity managers authored textbooks favorable to corporate utilities, pressured teachers to use them in their classrooms, and lobbied publishers to re-write textbooks that criticized corporate monopolies. Utility managers also produced educational and public relations films screened before millions of school children and movie-goers across the country. In many cases, audiences had no idea they were watching corporate propaganda, since utilities kept their sponsorship a secret. Utility managers also pressured the organizers of the Chautauqua speaking circuit to uninvite socialists. Utility executives then spoke on the circuit themselves. Utility managers also delivered thousands of speeches at schools, civic clubs, and chambers of commerce.

²⁸ Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998), 48-87; David E. Nye, *Image Worlds: Corporate Identities at General Electric, 1890-1930* (Cambridge, MA: The MIT Press, 1985), 126; David E. Nye, "Public Relations as Covert Political Communication: The Debate Over Public vs. Private the United States," *American Studies in Scandinavia* 16 (1984): 21-35; Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 157; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, NELA; Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 2* (1928)), 169; Examination of Clarence G. Willard, Secretary, Connecticut Committee on Public Service Information, in *FTC Letter No. 3* (1928), 246-47; Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 470; David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929" (Ph.D. dissertation, Brandeis University, 1990), 531-39; Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996); Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931); Carl D. Thompson, *Confessions of the Power Trust: A Summary of the Testimony Given in the Hearings of the Federal Trade Commission on Utility Corporations Pursuant to Resolution No. 83 of the United States Senate Approved February 15, 1928* (New York: D. P. Dutton & Co. 1932); "The Read Value of Public Utilities," *Excelsior Springs Daily Standard*, June 15, 1923, 1, microfilm, State Historical Society of Missouri, Columbia; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 135-36, 121.

While public relations historians have largely focused on the activities of a few well-known public publicity experts, such as Ivy Lee and Edward Bernays, rank-and-file utility workers communicated their anti-government ownership message to millions of people on a far more intimate scale than a few well-paid publicity agents ever could.²⁹

Courteous capitalism, open architecture, customer stock ownership, and publicity represented the four main strategies corporate utility executives used to fend off municipal ownership and improve public opinion toward monopoly capitalism in the first three decades of the twentieth century. The success of these strategies helps explain why, unlike Europe, America today lacks government ownership of crucial monopolized utility service.

²⁹ Richard S. Tedlow, *Keeping the Corporate Image: Public Relations and Business, 1900-1950* (Greenwich, CT: JAI Press, 1979), 32; Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996), 28, 34, 177, 192.

Chapter One: Courteous Capitalism Begins

Introduction - Courteous Capitalism Begins

In February of 1908, just days before William G. McAdoo opened the first subway line connecting New Jersey to Manhattan, he gathered his employees together to explain to them exactly how his new subway company would operate. “Safety and efficiency of the service are, of course, the first consideration,” McAdoo began, “but, among the things of the highest importance, are civility and courtesy in your dealings with the public.” Conductors must not yell at passengers “Step Lively”—a common practice at the time used to hustle passengers onto waiting trains. Customers found it “irritating and objectionable,” McAdoo explained. Conductors, ticket agents, and “platform men” must also keep “clean in body and habit and dress.” Employees would undoubtedly encounter “rude and offensive” passengers, McAdoo acknowledged, “but,” but he told his workers, “you must learn to take such things in good temper; it is a part of your job.”³⁰

McAdoo’s courtesy policy had one major problem, however. Neither McAdoo, nor his managers, could observe employees at all times to make sure they were conforming to the company’s policy. This was a problem recognized by many executives to exist in all large corporations. Unlike the owners of early-nineteenth workshops who lived and worked with their charges, the officers of large firms could not directly oversee their employees. As firms grew, the distance between the top executive and the lowest employee increased, creating a gap over which executive pronouncements regarding company policy did not always translate into employee conformance. Discussions of this problem occupied a great deal of the management literature of the time. Some executives advised their peers to be more “friendly,” though not “chummy” with their employees, while others sought solidarity by adopting an open-door policy with respect to their offices.³¹

McAdoo devised his own solution. He enlisted the customers themselves into the service of the corporation by making them the supervisors of their own corporate servants. To do this, McAdoo posted signs throughout his stations that solicited customer feedback and provided the address to which complaints could be directed. “One has only to report the number on the cap of the offending employee to assure redress if offense has been given,” McAdoo explained to an audience at Harvard Business School in 1910. McAdoo and his managers might not be omnipresent but passengers were, and now customers could provide a useful service to management, and without pay. McAdoo assured his workers that all complaints against them would be “fairly investigated,” yet he also told an audience elsewhere that: “We...discipline our employees for rudeness.”³²

³⁰ “Address of Mr. W. G. McAdoo, President, to the Train Employees of the Hudson & Manhattan Railroad Company, at Hoboken Station, New Jersey, February 21, 1908,” 4, Box 12, Volume 1, McAdoo Papers.

³¹ Paul E. Johnson, *A Shopkeeper’s Millennium: Society and Revivals in Rochester, New York, 1815-1837* (New York: Hill and Wang, 1978), 38-60; William Cordes, “Keep in Touch with John and Jim,” in *Handling Men: Selecting and Hiring, How to Hold Your Men, Breaking In and Developing Men, Putting More than Money in Pay Envelopes*, eds., Edward Butler, Frank Disston, and James A. Farrel, and John Wanamaker (Chicago: A. W. Shaw Company, 1917), 108-11.

³² William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 19, 21.

McAdoo's employees now had supervisors at both ends of the corporate spectrum, from managers above, and customers below.

The Political Economic Context of McAdoo's Innovation

McAdoo's new labor policy had nothing to do with beating the competition. His line possessed a monopoly on subway traffic between Manhattan and New Jersey, slashed commute times compared to taking the ferry, and was undoubtedly going to see immense ridership. Furthermore, the timing of McAdoo's new strategy of courteous capitalism was not accidental. Rather, it was the clear institutional response to Progressives' attacks on private utilities. McAdoo opened his line directly on the heels of the Panic of 1907 and just as Progressive reform sentiment was reaching a crescendo of influence with the public. The timing could not have been worse. On the New York side of McAdoo's tunnels, residents had recently elected reform governor Charles Evans Hughes. Hughes had risen in popularity by prosecuting high gas rates and insurance company fraud for the New York legislature before his election in 1906. In his first message as governor to the legislature, Hughes proposed abolishing the existing utilities boards, which had become political spoils for whatever party was in office, and replacing them with a single Public Service Commission with the power to regulate rates and securities. The utilities fought the idea but lost. As one reporter explained a month before McAdoo opened his line, "the sentiment of the people was with the bill. They were tired of being herded in foul-smelling cars, of being trampled in bridge crushes, of excessive gas and electricity bills, of bad train service and discrimination in freight rates."³³

The commission also had the power to investigate utilities and one of its first targets was the Metropolitan Railway Company, organized by William Whitney. Passengers had complained that the line's cars and facilities were inadequate. The commission sent its own investigators who agreed. When the corporation was asked to fix its infrastructure, its owners said they could not afford to without raising rates. This resulted in an investigation that revealed the company's over-capitalization, stock-watering, and political donations, as well as its \$50,000 bribe to a rival businessman to prevent him from opening a competing line. Even Wall Street, "accustomed to bad smells, sat up dazed," the *Saturday Evening Post* reported.³⁴

The full truth did not come out until the Panic wiped out the Metropolitan and bankrupted the company. That is when the public learned that William C. Whitney had never had any intention of actually running a profitable line. Instead, in a scheme similar to the Credit Mobilize company a few decades earlier, Whitney and his partners made their money through their control of a construction company, which received the streetcar company's construction contracts, despite quoting vastly inflated prices. The money to pay for the construction came from shareholders, who bought into the company even as Whitney and his partners sold their interest in the Metropolitan. After the Panic, it was discovered that when Whitney died in 1904, his estate was worth millions, but did not

³³ Isaac F. Marcossan, "A Curb on Corporation Abuses," *The Saturday Evening Post*, January 11, 1908, 4.

³⁴ *Ibid.*, 3.

contain any shares of the Metropolitan.³⁵ Even as late as 1910, a journalist observed that the scandal was still “ever present with the citizen of New York.”³⁶

Whitney was just one of many streetcar owners heavily involved in financial and political corruption in the early twentieth century, as Americans were becoming increasingly aware thanks to muckraking journalists, such as Lincoln Steffens. In his “Shame of the Cities” series for *McClure’s*, which began in 1902, Steffens made streetcar companies the main example of nearly all that was wrong in American cities.³⁷ By the time McAdoo opened his tunnels in 1908, the names of William Whitney in New York, Mark Hanna in Cleveland, and Charles Yerkes in Chicago were well known and much hated by the public. The attitude of Charles Yerkes in Chicago was representative of the group. When a reporter suggested that Yerkes add more cars to his lines so riders could sit down rather than stand up and hold the straps attached to the ceiling, Yerkes bluntly retorted, “It’s the strap-holders who pay the dividends.” These were the over-crowded streetcars that historian Jon Teaford has hailed as an “unheralded triumph.”³⁸ To the passengers who rode on them, they were unheralded indeed.

By 1908, passengers, shareholders, and citizens in general were getting fed up with streetcar owners abusing their monopoly privileges and politicians were beginning to respond. One of President William Howard Taft’s first tasks when he entered office in 1909 was to promote the passage of the Mann-Elkins Act, which regulated utility securities. It was a timely measure to support and accurately reflected public opinion toward private utilities at the time McAdoo opened his streetcar line. The next year, on the New Jersey side of McAdoo’s line, Woodrow Wilson won the gubernatorial election, in large part due to suburban residents who traditionally voted Republican, but who liked Wilson’s promise to regulate commuter rates. When Wilson reached office in 1911, he promptly created a public utilities board with the power to set rates for streetcar, electricity, and gas companies.³⁹

“The Public Be Pleased”

It was in response to this political economic climate that McAdoo announced his famous phrase, “the public be pleased.” “The day of ‘the public be damned’ policy is forever gone,” McAdoo declared in 1908, “it always was an objectionable and indefensible policy, and it will not be tolerated on this road under any conditions.”⁴⁰ McAdoo’s “Public Be Pleased” motto was an obvious reference to railroad tycoon William Vanderbilt’s infamous outburst of 1882, “the public be damned.” Vanderbilt emitted the phrase when a reporter asked him if he ran his railroads for “the public

³⁵ Burton J. Hendrick, *The Age of Big Business: A Chronicle of the Captains of Industry* (New Haven, Conn.: Yale University Press, 1919), 146-147.

³⁶ Ray Morris, *Railroad Administration* (New York: D. Appleton and Company, 1910), 222.

³⁷ Lincoln Steffens, *Shame of the Cities* (New York: Hill & Want, 1960), 27-37.

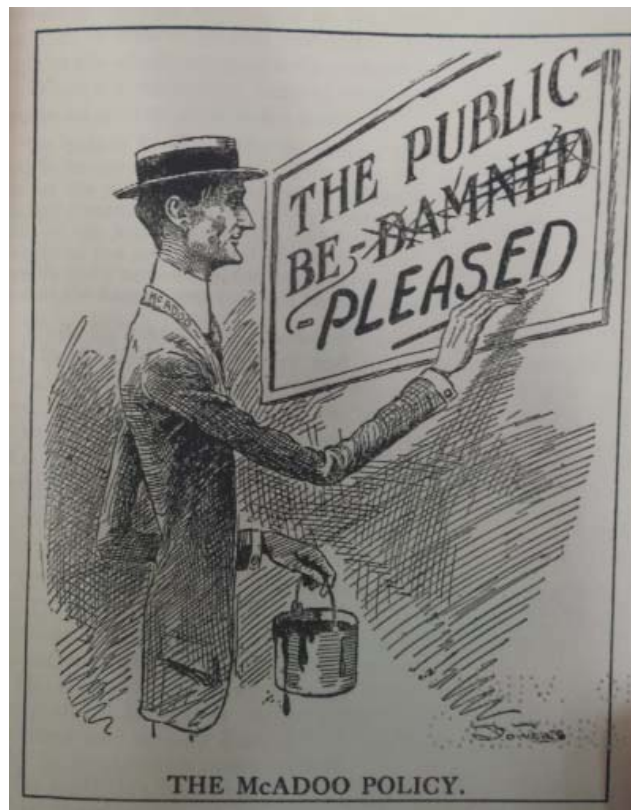
³⁸ Jon C. Teaford, *The Unheralded Triumph: City Government in America, 1870-1900* (Baltimore, MD.: The Johns Hopkins University Press, 1984), 237.

³⁹ John Morton Blum, *Woodrow Wilson and the Politics of Morality* (Boston: Little, Brown and Company, 1956), 43-45, 49-50.

⁴⁰ “Address of Mr. W. G. McAdoo, President, to the Train Employees of the Hudson & Manhattan Railroad Company, at Hoboken Station, New Jersey, February 21, 1908,” 4, Box 12, Volume 1, McAdoo Papers; McAdoo’s first recorded use of the phrase “public be pleased” occurred five months after his February 1908 speech, in July 1909, when McAdoo opened his second tunnel, ref. William G. McAdoo, *Crowded Years: The Reminiscences of William G. McAdoo* (New York Houghton Mifflin Company, 1931), 105.

benefit?' 'The public be-----,'" Vanderbilt retorted, "railroads are not run on sentiment, but on business principles and to pay." When the journalist followed up this answer by inquiring what Vanderbilt thought about the "anti-monopoly movement," Vanderbilt answered that it was "a movement inspired by a set of fools."⁴¹ As one railroad industry journalist observed in 1922, Vanderbilt's comments wreaked "incalculable damage" upon the entire railroad industry.⁴²

This damage was at the forefront of McAdoo's mind shortly before he opened his subway monopoly. For weeks McAdoo had been searching for a way to differentiate himself from Vanderbilt and other monopolists, and wanted a motto that, in McAdoo's words, would be "the antithesis of that famous saying of William H. Vanderbilt, 'the public be damned.'" Then one night, as McAdoo lay in bed, "the public be pleased" came to him. He scrolled it into his notebook, which kept on his nightstand and even as he wrote, McAdoo recalled in his memoirs, he knew he had his motto.⁴³



"The McAdoo Policy," published in *The Jersey City Evening Journal* on July 21, 1909 and reprinted in McAdoo's memoirs.⁴⁴

⁴¹ "Vanderbilt in the West: The Railroad Millionaire Expresses Himself Freely," *New York Times*, 1, October 9, 1882; Richard S. Tedlow, *Keeping the Corporate Image: Public Relations and Business, 1900-1950* (Greenwich, CT: JAI Press, 1979), 5.

⁴² "'The Public Be Damned,'" *International Railway Journal*, April 1922, 12.

⁴³ William G. McAdoo, *Crowded Years: The Reminiscences of William G. McAdoo* (New York Houghton Mifflin Company, 1931), 104.

⁴⁴ "The McAdoo Policy," *The Jersey City Evening Journal*, July 21, 1909, reprinted in William G. McAdoo, *Crowded Years: The Reminiscences of William G. McAdoo* (New York Houghton Mifflin Company, 1931), insert between 104 and 105.

Surprisingly, little has been written about McAdoo's "Public Be Pleased" policy, despite the fact that the policy spread to hundreds of streetcar, gas, electricity, and telephone companies all over the country.⁴⁵ McAdoo's policy brought him into national prominence and in 1913 President Woodrow Wilson selected him to serve as Secretary of the Treasury. McAdoo went on to become Wilson's son-in-law, Secretary General of the Railroads during the period of railroad nationalization during World War I, and a strong contender for the Democratic nomination for president in 1920 and 1924.⁴⁶

McAdoo's "Public Be Pleased" motto and the policy that supported it proved immensely popular with customers. A year and a half after his subway opened, McAdoo confidently boasted of "a feeling of good will and friendship between the public and our employees."⁴⁷ Many outside observers agreed. Hamilton W. Mabie, an editor at the *Outlook*, wrote McAdoo, "to say what a great many men who use the tunnel would like to say, that everybody appreciates the many ways in which you are quietly endeavoring to serve the public, not only efficiently, but courteously."⁴⁸ The editor of the *New York Tribune*, Hart Lyman, also wrote McAdoo to tell him he had read McAdoo's 1908 speech to his employees with "complete approval."⁴⁹ Newspaper articles indicate these sentiments were widely shared by passengers. Referring to another area of New York served by a less satisfactory line, one editor wrote that "the McAdoo tunnel shows how utterly absurd it is for the city to longer endure this outrageous monopoly."⁵⁰ Rather than a target of vitriol, McAdoo had transformed his monopoly into a rallying point for reformers.

A few utility executives before McAdoo had anticipated some of his practices, but McAdoo formulated them more clearly than ever before.⁵¹ He also zealously combined customer courtesy with the strategy of customer feedback in order to force his employees to mind their manners. Finally, McAdoo publicized his courtesy policy among the public,

⁴⁵ Douglas B. Craig briefly discusses McAdoo's "Public Be Pleased" policy in *Progressives at War: William G. McAdoo and Newton D. Baker, 1863-1941* (Baltimore, MD: The Johns Hopkins University Press, 2013), 31-35; Keith D. Revell includes an entire chapter entitled "'The Public Be Pleased': Railroad Planning, Engineering Culture, and the Promise of Quasi-scientific Voluntarism," in his book *Building Gotham: Civic Culture and Public Policy in New York City, 1898-1938* (Baltimore, MD: The Johns Hopkins University Press, 2003), yet Revell is mostly interested in engineers and regional planning and says almost nothing about the content of McAdoo's policy, the political context in which it was developed, and the effects it had on executives, employees, and customers.

⁴⁶ William G. McAdoo, *Crowded Years: The Reminiscences of William G. McAdoo* (New York: Houghton Mifflin Company, 1931).

⁴⁷ William G. McAdoo, "The Relations between Public Service Corporations and the Public," lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 18-19, 22.

⁴⁸ Hamilton W. Mabie to William McAdoo, 7 April, 1909, Box 12, McAdoo Scrapbook, Volume 1, McAdoo Papers.

⁴⁹ Hart Lyman to William McAdoo, 9 April, 1909, Box 12, Volume 1, McAdoo Papers.

⁵⁰ "Penalty of Submitting to Traction Monopoly," *New York American*, February 26, 1908, Box 12, Volume 1, McAdoo Papers.

⁵¹ Southern California Edison Company, *Rules and Instructions for Substation Operators in Los Angeles District* (1913), 5, Box 472, Folder 7, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records) (hereafter SCE Records); Southern California Edison Company, *Annual Report to the Stockholders of Southern California Edison Company Ltd. For the Year 1949*, 18, Box 11, Folder 4, SCE Records; "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281, this source contains excerpts from a 1903 pamphlet urging employees to be polite.

rather than just quietly implementing it among his employees. Together, these were major innovations that spread rapidly and can be considered the origin of courteous capitalism.

Courteous Capitalism Spreads and Intensifies

As soon as McAdoo's "Public Be Pleased" policy started making headlines, utility executives across the country began adopting and implementing his ideas. This occurred, not only in the streetcar industry, but also in the gas, electricity, and telephone industries. McAdoo's influence on these industries was direct and unmistakable. In 1912, the employee magazine editor at the Southern California Edison Company urged "every troubleman [repairman], collector, clerk, stenographer, meter reader and office boy" to adopt "'The Public Be Pleased Idea.'"⁵² In 1914, a Pacific Telephone & Telegraph manager wrote in an employee magazine that the first corporate slogan was "'The public be damned,'" but that the slogans of utility companies were now "'The public be satisfied,' 'The public be pleased,' [and] 'The public be benefited.'"⁵³ In 1920, an frustrated electricity executive implored his colleagues at an industry conference to try harder to convince customers that utilities "truly believe in a 'public be pleased' and not in a 'public be damned' policy."⁵⁴ In 1921, Southern California Edison vice-president, Samuel Kennedy, stated that his public relations policies were focused on "not being a case of 'public be damned' but 'public be served'."⁵⁵ In the same year, NELA's Committee on Commercial Service and Relations with Customers urged employees to "Adopt A 'Public Be Pleased' Policy."⁵⁶ In 1922, a gas company executive observed that managers often tell their customers that they have abandoned "the 'Public Be Damned' policy," but that utility employees often did not act like it.⁵⁷ It was not always perfectly implemented in these early years of courteous capitalism, but utility executives now had a strategy to buttress the tottering political economic framework of monopoly capitalism. With courtesy as the cornerstone, utility executives set out to rebuild their organizations on a new foundation of positive public opinion.

⁵² S. C. Haver, "Uses of the Little Red Book," *Edison Current Topics*, June 1912, 15-16, Box 308, Folder 1, SCE Records.

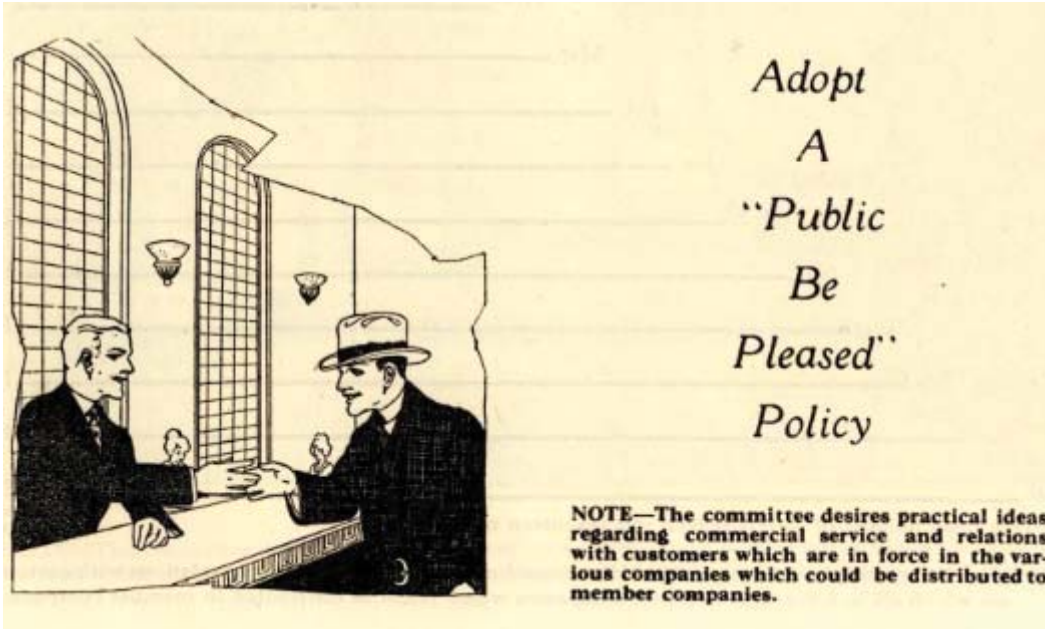
⁵³ W.J. Phillips, Division Commercial Superintendent, "The Employee's Part in Public Relations," *Pacific Telephone Magazine*, November 1914, 6, AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX).

⁵⁴ W. H. Hamilton, discussion about S. M. Kennedy's pamphlet "Service," Second General Session, May 20, 1920, *Proceedings of the Forty-third Convention of the National Electric Light Association, Pasadena, CA, May 18-22, 1920* (1920), 59.

⁵⁵ The quote is from A.N. Kemp, vice president of finance and accounts, Southern California Edison Company, recalling Kennedy's comments in Boston, "Stock Salesmen Meeting Held in Assembly Room, Edison Building on November 5, 1921," 11, Box 114, Folder 8, SCE Records.

⁵⁶ Committee on Commercial Service and Relations with Customers, "Adopt A 'Public Be Pleased' Policy," *Service Suggestions* 1, no. 5 (December 1921) republished in "Report on Commercial Service and Relations with Customers Committee," *NELA Proceedings* (1922) (hereafter *NELA Proceedings* (1922)), 1:360.

⁵⁷ J.P. Ingle, Manager, Haverhill Gas Light Company, Haverhill, Mass., "Seeing Ourselves as Others See Us," *American Gas Association Monthly*, March 1922, 153.



An issue of *Service Suggestions* published by NELA’s Committee on Commercial Service and Relations with Customers urges employees to “Adopt A ‘Public Be Pleased’ Policy” in December of 1921.⁵⁸

Public Opinion

At the heart of courteous capitalism was the logic public opinion controlled the political economy of the nation. “In all times, in all lands, public opinion has had control at the last word,” AT&T President, Theodore Vail, proclaimed in his company’s *1910 Annual Report*.⁵⁹ If executives failed to generate positive public opinion, they believed, their companies would be doomed, politically and financially. Without positive public opinion, utilities would fail to obtain the franchise permits they needed operate “It is the public, through its representatives, that grants these privileges, and it is the public that has created the commissions, courts, and legislative bodies,” instructed a 1927 Pacific Telephone & Telegraph training manual under the heading “Public Opinion Affects Regulation.”⁶⁰ “The company’s right to exist comes from the public and what the public can confer it can also withdraw,” warned Samuel Kennedy in his 1921 book *Winning the Public*.⁶¹ This was precisely why winning the public was so important.

Rates, too, depended on public opinion. As Samuel Insull told a gathering of gas company executives in 1921, “our income, our earning capacity, is dependent, primarily

⁵⁸ Committee on Commercial Service and Relations with Customers, “Adopt A ‘Public Be Pleased’ Policy,” *Service Suggestions* 1, no. 5 (December 1921) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1922), 1:360.

⁵⁹ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1910* (New York, 1911), 22.

⁶⁰ “Public Relations and Publicity: A Reading Assignment,” 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 5, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

⁶¹ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 123.

in my judgment, upon public good will.”⁶² The next year, AT&T vice-president E.K. Hall declared before employees of the Southern Bell Company: “I want to emphasize this point—whether we get adequate rates and so can be assured of a safe margin depends almost absolutely in the last analysis on public opinion.”⁶³ In 1929, a streetcar lawyer told his colleagues at an industry conference that “immediately, and always eventually, councilmanic and legislative acts follow public opinion.”⁶⁴

But what exactly was *public opinion* and who was *the public*? According to Vail in AT&T’s *1910 Annual Report*, “public opinion” was “but the concert of individual opinion.”⁶⁵ The definition was widely shared throughout the utilities industries. Nathan Kingsbury reversed the order but maintained the idea in 1912 when he stated that “the aggregate of private opinion gives us public opinion.”⁶⁶ Utility executives defined the public that made up public opinion in various ways. Some executives included employees, shareholders, and bankers in their definition, but all included customers. Since nearly every urban American consumed utility services by the late 1920s, and since more than half of Americans lived in cities by this time, the public and utility customers were nearly synonymous.⁶⁷ “Go to a big ball game, and you’ll see your public, or rather the masculine half of it,” noted AT&T vice-president William Banning at a company conference in 1921.⁶⁸ William Kennedy offered a similarly wide-ranging definition in the same year, noting that “the public is made up of individuals and it is the man in the street and the woman in the home who mould Public Opinion.”⁶⁹

According to many executives, the most effective way to improve public opinion toward corporate monopolies was by providing courteous service. In 1924, a Michigan Bell supervisor observed that “courtesy to our patrons is the greatest factor in successful public relations.”⁷⁰ In 1925, the *Pacific Telephone Magazine* stated that “courtesy should be the foundation of all our work” since “the progress of our company depends upon the good will of the public alone.”⁷¹ This was more than just rhetoric for the consumption of

⁶² Samuel Insull, “The Gas Industry’s Biggest Task,” speech before the Annual Convention of the American Gas Association, Chicago, November 11, 1921, 4, Folder 20-8, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

⁶³ “A Memorable Speech on Public Relations,” *Southern Telephone News*, January 1922, 3, AT&T-TX.

⁶⁴ W.L. Willkie, General Counsel, Northern Ohio Power and Light Company, “At the Public’s Service,” *Proceedings of the American Electric Railway Association, 1929* (New York: American Electric Railway Association), 18-21.

⁶⁵ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1910* (New York, 1911), 22.

⁶⁶ N. C. Kingsbury, *Publicity: A Paper Presented May 7, 1912 before the Philadelphia Telephone Society*, Folder: Publicity; Box 1; Record Group No. 6: Publications, 1893-1912; Collection No. 6: AT&T Corp; AT&T-TX.

⁶⁷ David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 261.

⁶⁸ William P. Banning, Information Department, AT&T, “Advertising Technique and Copy Appeal,” presented at a Bell System Publicity Conference, 1921, 4, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

⁶⁹ Kennedy, *Winning the Public*, 5.

⁷⁰ Olin J. Clark, Acting District Traffic Chief, Flint, “Courtesy in One’s Work Indicates Good Breeding and Refinement,” *The Mouthpiece* (Detroit, Michigan), March 1924, 13-14, AT&T-TX.

⁷¹ “Portland Chooses Courteous Operators,” *Pacific Telephone Magazine*, March 1925, 25-26, AT&T Archives, San Antonio, Texas.

employees. Executives made similar statements behind closed doors. As early as 1911, Samuel Insull told executives at the large Bylesby utility company that: “I know of no qualification so necessary in our business—I will put it before engineering ability, or technical skill, selling ability, or any other line of business ability—as the ability to deal in a satisfactory manner with the people with whom you come in contact from day to day.”⁷² In 1930, after years of study, the utility consultant, J. David Houser, told the American Gas Association (AGA) that “the customer attitude toward public ownership or private ownership is determined to very large extent by the way the public feels about service. And the way they feel about service, using that as a broad term, is determined almost entirely by the way they feel about the way they are treated by employees.”⁷³ Even the market forecaster Roger W. Babson counseled utilities to provide courteous customer service. “The one thing for which we all hunger is hospitality,” Babson told the AGA in a 1922, “the railroads, public utilities and other corporations must get this new point of view if they are to survive. When they do fall in line,” Babson forecasted, “they will not only survive but will be immensely profitable.”⁷⁴

The strategy of courteous capitalism made especially good sense because negative public opinion regarding utilities could not be blamed on high rates. Streetcar, electricity, and telephone rates were reasonably low. Electricity was one of the smallest items in the monthly budget of most urban consumers, and gas, telephone, and streetcar transportation costs were not much greater. Unlike the railroad monopolies of the nineteenth century whose exorbitant rates had sparked much of the Populists’ discontent, public animosity toward streetcar, electricity, and telephone companies could not be blamed on high rates. Although proponents of public ownership argued that government-owned utilities could reduce rates even further, this was a complex argument to make to consumers.⁷⁵ Courtesy, not rates, utility executives believed, was their best chance at improving public attitudes toward monopoly capitalism.

The idea that courteous service would improve public opinion was clearly conceptualized in the electricity and gas industries as early as 1910. In that year the Pacific Gas & Electric Company (PG&E) published an employee magazine article on how each employee should treat customers while talking on the telephone. “The promptness of response, the tone of the voice, the courtesy displayed or lacking are all

⁷² Samuel Insull, “Satisfy You Customers,” speech given at the banquet of H. M. Bylesby & Company and affiliated companies in Chicago on January 20, 1911, in *Central-station Electric Service: Its Commercial Development and Economic Significance as Set Forth in the Public Addresses (1897-1914) of Samuel Insull* (Chicago: Privately printed, 1915), 179.

⁷³ J. David Houser, J. David Houser & Associates, “Employee-Customer Relations,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 737.

⁷⁴ “Here and There with the Section,” *American Gas Association Monthly*, May 1922, 283.

⁷⁵ David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 93, 303; Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 143, 147; National Electric Light Association, *Electric Light and Power: Facts and Figures on the Development and Scope of the Industry in the United States, Prepared, as the Statistical Section of the N.E.L.A. Handbook, by the Association’s Statistical Department, March, 1928* (New York: 1928), 21-31; Harry W. Laidler and H. S. Raushenbush, *Power Control* (New York: New Republic, 1928), 88-116, 169, 171-172; Alvin C. Reis, member, Wisconsin Legislature, *Ontario Points Way to Cheap Electricity with an Introduction by Franklin Hichborn* (1928[?]), 4-5, The Bancroft Library, University of California, Berkeley.

little things that count,” the article noted, “and, in the aggregate, with tens of thousands of customers, they make for popularity or public resentment.” This public opinion was then directly tied to politics. If all employees followed provided courtesy service, the article prophesied, “the public effect will gradually become evident, and every local condition applying to the company will be made a little pleasanter.”⁷⁶ No doubt, securing a pleasant political environment was precisely what PG&E was looking for in 1910, three years after the Southern Pacific Railroad’s political machine splintered in San Francisco and right before the progressive Republican Hiram Johnson was swept into the governorship on a platform that included utilities regulation.⁷⁷

Tying the deportment of clerks to the decisions of legislators became increasingly common throughout the utilities industries during the 1910s. In 1919, a Southern California Edison Company magazine article explicitly made the connection when it stated that “the corporation, whose employees consistently practice the art of conciliation when coming in contact with its patrons will realize some day that, having pleased the individuals, it has finally won the much desired confidence of the public.”⁷⁸

Since individual customer opinions could be linked to political regulation, every customer interaction became political, not merely commercial. When clerks signed up customers for service, received payment for bills, or spoke with customers over the phone, these clerks were simultaneously shaping the political opinions of customers, the aggregate of which shaped the political economy. The sphere of politics, once confined primarily to municipal and state legislators, elite businessmen, and the boodle that passed between them, now expanded to include every electricity user in the country, which by the late-1920s exceeded 95 percent in urban areas.⁷⁹ These electricity consumers were generally not organized into groups, but their opinions directly translated into legislative action, executives believed. In the case of utility politics, the Progressive Era, a term I use as short-hand for the first fifteen years of the twentieth century,⁸⁰ was not characterized by the decline of mass participatory politics and the rise of organized interest groups, as scholars have seen in other political areas.⁸¹ Instead, it was the reverse. In the important segment of utility politics, the Progressive Era and 1920s saw a diffusion of politics from the few to the many, and from the explicitly political to the implicitly political. While

⁷⁶ “To Improve the Telephone’s Usefulness,” *Pacific Gas and Electric Magazine* 1, no. 11 (April 1910): 474.

⁷⁷ George E. Mowry, *The California Progressives* (Berkeley, California: University of California Press, 1951), 74, 83, 118, 278; William A. Myers, *Iron Men and Copper Wires: A Centennial History of the Southern California Edison Company* (Glendale, CA: Trans-Anglo Books, 1983), 147-48; “Assembly Passes Railroad Bill,” *San Francisco Chronicle*, December 13, 1911.

⁷⁸ “High Lights from the District Agents’ Meeting: Good Will Towards Men,” *Edison Current Topics* 9, no. 1 (January 1919): 23, Box 308, Folder 8, SCE Records.

⁷⁹ David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 261.

⁸⁰ I am aware of the debate surrounding the use of this term, but find using it in this way less cumbersome than spelling out the dates each time. For more on the debate see Peter G. Filene, “An Obituary for ‘The Progressive Movement,’” *American Quarterly* 22, no. 1 (Spring, 1970): 20-34; Shelton Stromquist, *Reinventing “The People”: The Progressive Movement, The Class Problem, and the Origins of Modern Liberalism* (University of Illinois Press, 2006), vii; Richard R. John, “Elongating the Progressive Era,” *The Journal of the Gilded Age and Progressive Era* 6, no. 1 (January 2007): 110-112.

⁸¹ Philip J. Ethington, *The Public City: The Political Construction of Urban Life in San Francisco, 1850-1900* (Berkeley: University of California Press, 2001).

voting declined in the Progressive Era,⁸² other acts, such as interacting with companies, became politicized, whether or not customers, or even clerks, knew it. The Progressive Era and 1920s were marked by the politicization of everyday anonymous interactions. Encounters with clerks in corporate spaces, such as customer-service centers, were not only commercial transactions, they were political transactions. Through these crevices of capitalism politics seeped into everyday life.

Clerks the Key

One conclusion executives came to by connecting clerical courtesy to political regulation was that, in a very real sense, clerks mattered more than executives. As one NELA pamphlet stated in 1925, “no matter what the executives may do...It’s the man at the counter—the man who comes in contact with the public who determines our success in serving our fellow man.”⁸³ Samuel Insull expressed the same idea in 1923 when he told his employees that “most of the hostility created toward large corporations, taking especially steam railway companies, is created, not by the people at the head of those organizations, but by the people who come in contact with the public from day to day.”⁸⁴ The “visible hand” of management was invisible to customers. What customers saw was the behavior of clerks, and it was upon that behavior that customers formed their opinions regarding corporate monopolies.⁸⁵ The 1927 *Manual of Organization and Policies* published by the Middle West Utilities Company stated that “good relations with the public, cannot be gained or maintained without the cooperation of all employees, for it is by their attitude and knowledge that the Company is judged.”⁸⁶

These statements could be read as attempts by managers to inflate their employees’ sense of self-importance in order to get them to do their jobs better, but executives expressed the same ideas when talking among themselves. Samuel Kennedy told a group of executives that “if the employee is unprepossessing, then the company is considered very much the same way. After all, the company is judged by the man it keeps. This is in reverse of the old order, ‘The man is judged by the company he keeps.’”⁸⁷ A 1929 NELA report written by and for executives observed that “most people judge companies with which they deal, more largely through the employees with whom they come in contact than through any other single factor.” The report added that, “neither advertising nor the general policies of the company, nor the physical service of

⁸² Walter Dean Burnham, “The Changing Shape of the American Political Universe,” *The American Political Science Review*, 59, no. 1 (March, 1965), 11.

⁸³ R. A. Balzari, Westinghouse Electric and Manufacturing Company, “Courteous Service Clubs,” *Service Suggestions*, no. 32 (March 1925) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1925), 500.

⁸⁴ Samuel Insull, “Meeting of Employees of the Public Service Company of Northern Illinois, Cameo Room, Morrison Hotel, December 18, 1923, Chicago” (speech), 15, Folder 21-3, Insull Papers.

⁸⁵ Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press, 1977).

⁸⁶ *Manual of Organization and Policies: Middle West Utilities Company, 1927*, 19, Folder 54-2, Insull Papers.

⁸⁷ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 18-19.

the companies has any effect as that of the direct personal contact either in face to face interview, through correspondence, or over the telephone.”⁸⁸

With the fate of monopoly capitalism resting on the actions of customer service clerks, executives began to develop a detailed vision of exactly what they imagined in the ideal clerk. Executive speeches, industry conference papers, company bulletins, and employee magazines became filled with descriptions of what executives imagined in an ideal clerk. “A pleasing manner and a pleasing personality. That is what I have in mind,” imagined Samuel Kennedy in a 1921 speech to executives.⁸⁹ “A smiling courteous demeanor,” and “service with a smile,” envisioned a Westinghouse executive.⁹⁰ “A sympathetic understanding,” and “a continual friendliness to the customer,” stated one manager in a prize-winning essay on solving problems in the electricity industry.⁹¹ Michigan Bell managers wanted clerks at customer-service counters to don a “smile” and give a “pleasant word.” Managers at the Southern California Edison Company wanted clerks to exude “a ray of sunshine during the entire day,” and express “a friendly, sympathetic interest in others.”⁹² Streetcar managers agreed that conductors should display a “courteous, pleasant manner.” Any utility employee who answered the phone should exhibit “a world of patience.”⁹³

This behavior was required of service workers no matter how customers treated them. Even in the face of the rudest customers, clerks were expected to reject any emotional reactions that did not conform to the overarching logic of improving public opinion. If contrary emotions arose, employees were expected to filter them and express only those emotions that fell within the narrow spectrum acceptable to management. “You must treat people courteously, no matter how they treat you,” William McAdoo bluntly ordered his workers in 1908.⁹⁴ “There are selfish and greedy passengers whom it would be a compliment to call cattle,” a streetcar manager told *Business Magazine*, but nonetheless, he continued, “we instruct our conductors to overcome evil with good, and to return a surly question with a courteous answer.”⁹⁵ As Samuel Kennedy taught, clerks should “give back a smile for a frown” and “spread sunshine in places that would otherwise be gloomy.”⁹⁶

⁸⁸ H. L. Donaldson, Philadelphia Company and Affiliated Corporations, “Appendix A: Training for Better Public Contact,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 7.

⁸⁹ Kennedy, “Transforming Public Opinion,” SCE Records, 24.

⁹⁰ R. A. Balzari, Westinghouse Electric and Manufacturing Company, “Courteous Service Clubs,” *Service Suggestions*, no. 32 (March 1925) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1925), 500.

⁹¹ Paul C. Rawson, “Prize-Winning Article in Forbes Contest,” *NELA Proceedings* (1924), 178.

⁹² W. P. Graef, Chief Salesman Pasadena District, “The Electrical Salesman,” *Edison Current Topics*, May 1912, 19-21, Box 308, Folder 1, SCE Records; S. M. Kennedy, Vice-President Southern California Edison Company, *A Pleasing Personality*, 6, Box 449, Folder 5, SCE Records.

⁹³ G. C. Staley and F. C. Jordan, “The Utility Customer,” *Journal of the American Water Works Association* 16, no. 5 (November 1926), 645.

⁹⁴ “Address of Mr. W. G. McAdoo, President, to the Train Employees of the Hudson & Manhattan Railroad Company, at Hoboken Station, New Jersey, February 21, 1908,” 4, Box 12, Volume 1, McAdoo Papers.

⁹⁵ William Hamilton Burquest, “Marking Courtesy an Asset,” *Business: A Magazine for Office, Store, and Factory*, January, 1912, 10.

⁹⁶ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 20.

Employees were also instructed to abjectly conform to whatever the customer wanted. Samuel Insull, the president of Chicago's Commonwealth Edison Company, and taught his employees in 1915 to, "Conform, as far as we can, not only to the good judgment of the public and to their proper desires, but also to their peculiarities and idiosyncrasies, that is what is involved in the question of courtesy to the public."⁹⁷ Doing this would require clerks to reject their own individual identities, and even their own souls, but managers explicitly argued that this was a cost worth paying. "Withhold nothing of work and soul and patience," instructed a Southern California Edison employee magazine article entitled "From Every Man," published in 1919.⁹⁸ Playing on the Progressive Era idea of self-sacrifice for the greater good, an employee magazine article from 1913 urged employees to lay aside "all personalities" in order to "advance the legitimate interests of our employer."⁹⁹ In 1922, an Illinois Bell manager at a personnel conference expressed his desire that employees "render a full measure of ungrudging and whole-hearted service."¹⁰⁰ In a statement approvingly published in *Forbes Magazine* in 1923, the president of the Pacific Gas & Electric Company went as far as saying that customer service was worth "devoting one's life to."¹⁰¹

Despite the self-alienating and deindividualizing nature of these emotional demands, clerks were expected to make their performances genuine. Electricity executives wanted "a real smile."¹⁰² Cashiers at bill-payment windows were expected to say "thank you," "politely, and as if he or she meant it."¹⁰³ Clerks were supposed to display a "genuine desire to serve,"¹⁰⁴ and be "personally enthusiastic."¹⁰⁵ Executives did not want mere acting, they wanted the unmediated emotions from within their clerks. "Sincerity must be genuine," McAdoo attempted to explained in 1910, "it cannot be

⁹⁷ "Courtesy to the Public," *Principles of Public Utility Management: Extracts from Public Addresses by Samuel Insull Compiled for the Information of Employees of the Companies Under His Management*, Folder 22-7, Insull Papers. This address was Given to the Chicago Central Station Institute on May 7, 1915.

⁹⁸ Charles Heston Peirson, "From Every Man," *Edison Current Topics* VIII, no. 8 (August 1919): 106, Box 308, Folder 7, SCE Records.

⁹⁹ H. N. Sessions, Commercial Engineer, "Company Thrift," *Edison Current Topics* 2, no. 10, February 1913, 18, Box 308, Folder 2, SCE Records.

¹⁰⁰ Verne Ray, Superintendent of Maintenance, Illinois Bell Telephone Company, "Public Relations Committees and the Pink Ticket Plan," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 2, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

¹⁰¹ B. C. Forbes, "Why Creed Puts Service Above Money-Making: P.G. & E. President Says "'Business is Business' No Longer Reflects National Sentiment"—His Life is an Ideal Illustration of This Evolution," *Forbes Magazine*, 98, April 28, 1923, Box 440, Folder 8, SCE Records.

¹⁰² R. A. Balzari, Westinghouse Electric and Manufacturing Company, "Courteous Service Clubs," *Service Suggestions*, no. 32 (March 1925) republished in "Report on Commercial Service and Relations with Customers Committee," *NELA Proceedings* (1925), 500.

¹⁰³ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 42.

¹⁰⁴ "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281.

¹⁰⁵ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 9.

feigned. The people are quick to discover a counterfeit.”¹⁰⁶ “A genuine spirit of accommodation,” an Illinois Bell manager told colleagues in 1922, “requires a real desire and will to serve. That is, an employee must really *want* to serve; must really *want* to be accommodating; must really *want* to cultivate friendly relations with subscribers.” The manager added that “when a man is doing something because he *wants* to do it, he is necessarily expressing himself, his own identity and his own ideals, rather than merely acting.”¹⁰⁷ Only when clerks genuinely felt the emotions they expressed to customers, would their customer-service be perceived as a sincere expression of the company’s desire to serve. “Real civility and courtesy must come from within a man and not from without,” stated the Southern California Edison employee magazine in 1917.¹⁰⁸ “There is the formal courtesy of the lip and manner and there is the courtesy that flows from the heart,” Kennedy noted in 1921.¹⁰⁹ “Good service cannot be created by even the best of rules and regulations,” stated the People’s Gas Light & Coke Company Yearbook for 1925, “it must come spontaneously from the heart and mind of the employee.”¹¹⁰ This was the true “human touch,” that “friendly feeling” and “the human element,” that executives wanted more of in their businesses.

Utility executives were therefore keenly aware that they wanted to extract, not just physical or mental labor from clerks, but what sociologist Arlie Russel Hochschild has called “emotional labor.” In Hochschild’s study on the work of flight attendants, she found that “the emotional style of offering the service is part of the service itself” and that “seeming to ‘love the job,’ becomes part of the job.”¹¹¹ These descriptions of emotional labor matched the work experience of clerks at utilities practicing courteous capitalism, although Hochschild did not attempt to trace the history of the commodification of emotions, nor did she advance an argument about the political, as well as commercial, uses of emotions.

Utility executives explicitly acknowledged that they were commodifying the emotions of their employees. In 1913, the utilities financier and investment banker, Frank Rollins, penned an employee-magazine article entitled “The Value of a Smile Transmuted into Dollars.” “Did you ever take time to figure the money value of a smile?” Rollins asked, “Did you ever estimate what a gleam of white teeth from between happily parted lips with laughing eyes was worth when transmuted into dollars?” As former governor of New Hampshire, Rollins had surely thought about the value of a smile in other political contexts. “A smile has as real a money value as a gold watch or a cord of

¹⁰⁶ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 18-19.

¹⁰⁷ Verne Ray, Superintendent of Maintenance, Illinois Bell Telephone Company, “Public Relations Committees and the Pink Ticket Plan,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 2, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

¹⁰⁸ “The Era of Better Understanding,” *Edison Current Topics* 6, no. 1 (January 1917): 119, Box 308, Folder 6, SCE Records.

¹⁰⁹ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 106.

¹¹⁰ “The Peoples Gas ‘Family,’” *The Peoples Gas Light & Coke Company Year Book, 1925*, 26, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹¹¹ Arlie Russell Hochschild, *The Managed Heart: Commercialization of Human Feeling* (Berkeley, University of California Press, 1983), 5-6.

wood,” he noted, “Great corporations have to suffer for the incivility of their employees, but courtesy covers up a multitude of defects in service.”¹¹²

What made courteous capitalism especially appealing to Rollins, and to many others at the top of the utilities industry, was that emotional labor was not only imperative to industry survival, it was cheap too. Rollins emphasized this in an employee magazine article that described what happened to him when he boarded a Pullman car but forgot his ticket back at his office. The conductor refused to give him a seat so Rollins complained about the discourteous conductor in a letter to the Superintendent of the road. After that “there was a shaking up of dry bones,” Rollins recounted with satisfaction. “I bet that conductor smiles now. It costs nothing but is worth millions.”¹¹³ Many other executives agreed with this low cost yet high yield appraisal of emotions. In 1922, a Southern Bell employee observed that, “courtesy means much and costs so very little.”¹¹⁴ Samuel Kennedy agreed, urging employees to “give back a smile for a frown,” since “it is the easy way to get along, represents no expenditure, yet never fails to yield handsome returns.”¹¹⁵ In implementing courteous capitalism, clerks and executives were both made to smile, but for different reasons.

Training

As utility executives formed an image of the ideal clerk, they also developed an extensive set of training programs designed to instruct employees exactly how to behave. Initial training attempts involved executive speeches, corporate policy statements, and instructional pamphlets. One of the earliest of these training pamphlets, entitled *Tactful Relations with Customers*, was published in 1903 by the National Electric Light Association. The National Electric Light Association (NELA) was an immensely important institution to electricity executives and everyone who was anyone in the industry attended its annual conference. There executives from around the country shared commercial strategies and technical information without fear of competition and formed committees to author materials such as *Tactful Relations with Customers* for the entire industries use. The pamphlet admonished clerks to “be courteous,” “be polite,” and to “listen to the customer’s story.” The pamphlet also told clerks to act on department store magnate John Wannamaker’s adage, “the customer is always right.”¹¹⁶

Another early instructional attempt was the 1905 memo penned by the president of the Southern California Edison Company, John B. Miller, and addressed to his entire organization. “The Public gains its impression of the Company through contact with its representatives,” Miller wrote, employees “will, therefore, be held responsible in every instance for carrying out the well established policy of the Company—‘GOOD SERVICE, SQUARE DEALING, COURTEOUS TREATMENT.’” Miller’s three-

¹¹² Hon. Frank West Rollins, “The Value of a Smile Transmuted Into Dollars,” *Edison Current Topics* 2, no. 10, February 1913, 3, Box 308, Folder 2, SCE Records.

¹¹³ Hon. Frank West Rollins, “The Value of a Smile Transmuted Into Dollars,” *Edison Current Topics* 2, no. 10, February 1913, 5, Box 308, Folder 2, SCE Records.

¹¹⁴ Lois Holloway, operator, “Courtesy Counts,” *Southern Telephone News*, January 1922, 12, AT&T-TX.

¹¹⁵ Samuel M. Kennedy, *Winning the Public*, 20.

¹¹⁶ “Training for Better Public Contact—Its Necessity and Importance,” *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281; Susan Porter Benson, “‘The Clerking Sisterhood’: Saleswomen’s Work Culture,” in *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Champaign: University of Illinois Press, 1988), 232.

sentence memo became the guiding policy of the company. It was constantly quoted by the company's executives to justify new customer-service policies, and in 1931 it was cast in bronze and enshrined in the lobby of the company's new headquarters.¹¹⁷ Other utilities, especially large ones, issued similar policy directives during the Progressive Era. In 1909, an executive for the New England Telephone and Telegraphy Company, which possessed a regional monopoly, taught managers that to dissipate antimonopoly sentiment "subordinates should be instructed to always use tact and always be courteous."¹¹⁸ In 1912 a Chicago streetcar manager urged his conductors to "avoid quarrels with car patrons by using courtesy as an antidote."¹¹⁹ In 1915, the Commonwealth Edison Company of Chicago stated in its employee handbook that "the ideal which the company aims to achieve throughout its whole organization is courtesy to the public and the best possible service." In case anyone had failed to read the passage, Samuel Insull, the company's president, read it to them at a company meeting, emphasizing that the statement represented "the first thing that we try to impress upon anyone entering our service" and "the fundamental cornerstone of our policy."¹²⁰

Executives soon found, however, that these early efforts were insufficient to obtain the kind of employee conduct that executives wanted. It soon became clear that executive pronouncements from on high did not automatically translate into courteous service down low where company representatives actually interacted with customers. Looking back over these early efforts from the vantage point of 1928, one executive observed that the "bromidic mottoes" of the early twentieth century did little to "secure that distinguished performance in the service of customers which is essential to the best public attitude."¹²¹ Kennedy confirmed this sentiment. His frustration with implementing courteous capitalism was clear as late as 1921, when he complained that "officers think they have adopted progressive methods," but their "employees are either ignoring instructions or have not been told what to do." The fault lay, not with clerks, Kennedy contented, but with executives. Executives had good ideas but they "do not make it their business to see that these ideas are promulgated among their assistants and the employees down the line. They do not 'follow through,' and consequently...they fail to reach the points of contact where they would produce desired results," Kennedy argued. "Orders issued from leather-lined swivel chairs regarding public relations will not do the work; instructions given across mahogany tables regarding treatment of consumers will fall short; resolutions of boards of directors containing stock phrases regarding courtesy and consideration to the public will be entirely ineffective if the crux of the subject is

¹¹⁷ Southern California Edison Company, *Rules and Instructions for Substation Operators in Los Angeles District* (1913), 5, Box 472, Folder 7, SCE Records; Southern California Edison Company, *Annual Report to the Stockholders of Southern California Edison Company Ltd. For the Year 1949*, 18, Box 11, Folder 4, SCE Records; Southern California Edison Company, *You and Your Company: A Handbook for Employees*, 13, 1953, Box 88, Folder 2, SCE Records; "B1.21 – New Edison Building," Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

¹¹⁸ E. K. Hall, *Public Relations* (1909), 15, Box 1, Record Group No. 6: Publications, 1893-1912, Collection No. 6: AT&T Corp, AT&T-TX.

¹¹⁹ William Hamilton Burquest, "Marking Courtesy an Asset," *Business: A Magazine for Office, Store, and Factory*, January, 1912, 10.

¹²⁰ Samuel Insull, "Service," speech to the Chicago Central Station Institute, May 7, 1915, in *Public Utilities in Modern Life: Selected Speeches, 1914-1923* (Chicago: Privately printed, 1924), 11.

¹²¹ "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281.

overlooked,” taught Kennedy. The “crux of the subject,” was the locations where clerks and customers came face to face, for it was “in the contact that good will is made or ill will engendered.”¹²²

Despite these early difficulties, corporate officers remained determined to obtain the courteous service they desired from clerks. Since simple directives failed to work, executives developed an array of training methods training courses to make sure employees knew exactly how to behave in every job type and situation. There were still company-wide meetings with speeches from senior executives, but now these also included outside speakers and some of the earliest corporate training movies.¹²³ On such movie, entitled *Good and Bad Customer Relations Practices*, starred actual employees of the Bronx Gas and Electric Company and the Westchester Lighting Company acting out true stories gathered from the experience of customer.¹²⁴ In addition, utilities held bi-monthly or monthly meetings for managers, to train them how to properly instruct subordinates, and monthly, weekly, and even daily training meetings for front-line clerks. These meetings often included lectures, handouts, and written and oral tests.¹²⁵ Some companies put their employees through multiple courses with different textbooks and topics for each course. One streetcar company developed separate courses on “politeness,” “attentiveness,” “speech,” “appearance,” and “loyalty.”¹²⁶ In 1930, the consulting firm J. David Houser and Associates began advising his utility clients to replace these lectures with what they called “the conference scheme,” in which employees themselves would be asked how things should be done in order to get them to “do the preaching.”¹²⁷

Manager and aspiring managers at some companies were also trained how to reach customers through college courses in psychology from top schools including Northwestern University and the University of Southern California.¹²⁸ Although some

¹²² “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 9.

¹²³ *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (New York: National Electric Light Association, 1929), 3.

¹²⁴ H.R. Halsey, J. David Houser & Associates, “Good and Bad Customer Relations Practices,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 1876.

¹²⁵ *The Peoples Gas Light & Coke Company Year Book, 1928*, 23, Folder 55-1, Insull Papers; H.R. Halsey, J. David Houser & Associates, “Good and Bad Customer Relations Practices,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 1876-77.

¹²⁶ “Appendix O – Report of the Committee on Employee – Customer Contact,” *Proceedings of the American Electric Railway Association, 1928: Containing a Complete Report of the Forty-seventh Annual Convention, Held at Public Auditorium, Cleveland, Ohio, September 22-28, 1928* (New York: American Electric Railway Association), 229-230.

¹²⁷ H.R. Halsey, J. David Houser & Associates, “Good and Bad Customer Relations Practices,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 1876.

¹²⁸ *The Peoples Gas Light & Coke Company Year Book, 1923*, 28, Folder 54-13, Insull Papers; “New Class In Psychology,” *Pacific Electric Magazine*, April 10, 1929, 12; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 529.

these classes met on Friday nights and employees sometimes had to pay half the tuition, the courses were still well attended.¹²⁹

The most common training method, however, was the demonstration class in which managers enacted both the right and the wrong way to behave in customer-service situations and employees would learn to play their part.¹³⁰ Some employees appear to have mocked these proceedings, however, by exaggerating the very courtesy that managers were trying to teach. “The surrounding group of fellow employees inspires statements sometimes very distinctly in the ‘company manner’ rather than the characteristic style of the individual,” noted one manager in consternation.¹³¹

Some training classes included employee chants, such as “I am the company,” which Southern California Edison employees were instructed to say “again and again, and believe deep down.”¹³² Bell employees sang the “Blue Bell Song,” to the tune of “My Country ‘Tis of Thee,” which included admonitions to customer courtesy.¹³³ Boston Edison employees learned to cheer: “E-d-i-s-o-n! / I Will, You Will, We Will, Good Will! / Want to see—Loyalty-Courtesy!”¹³⁴ These chants bureaucratic were augmented in some organizations by a pledge of allegiance to the company. The pledge at the Pacific Gas & Electric Company read: “I am at all times the individual personal representative of and for this company, and it is for me to see that the policy of this company—that of rendering service in its broadest sense—is carried on.”¹³⁵

If these methods failed to reach employees, there was always personal admonition.¹³⁶ “Any day,” noted the patronizing editor of the *Pacific Telephone Magazine*, an operator “whose manners are falling short of the standard set by the Telephone Company...may be summoned as her shift goes off: ‘When West 230 repeated her number for you, you forgot to say ‘Thank you!’ You want to keep up the standard of this room, don’t you? You will remember next time; I know you will.’”¹³⁷ An electricity manager from Salem, Oregon told his colleagues at a NELA conference that they should hold “heart to heart talks with individual employees, in private” in order to cause the employees “to heed and follow the suggestions offered.” The practice “will be productive

¹²⁹ “Relations to Consumers Discussed by Neelands,” *Edison Current Topics* 4, no. 15 (May 1915): 92, Box 308, Folder 4, SCE Records.

¹³⁰ “Errors Checked, Manners Improved,” *The Peoples Gas Light & Coke Company Year Book, 1926*, 21, Folder 54-13, Insull Papers; Samuel M. Kennedy, *Winning the Public*, 18.

¹³¹ Italics in original. Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 18.

¹³² “Relations to Consumers Discussed by Neelands,” *Edison Current Topics* 4, no. 15 (May 1915): 92-93, Box 308, Folder 4, SCE Records.

¹³³ Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 239.

¹³⁴ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 465.

¹³⁵ Lucien Kellogg, “‘Visitors are Welcome’: How a Western Utility Brings Together Four Factors in Its Sales-and-Service Plan,” *Business*, May, 1925, 23, Box 440, Folder 8, SCE Records.

¹³⁶ *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 3.

¹³⁷ “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 11, AT&T-TX.

of excellent results,” the executive promised.¹³⁸ When managers at a streetcar company received complaints about an employee, the offender was promptly “called up” for a talk, which did not always seem fair to the employees. “I have been polite all the time. I am always polite,” protested one conductor, “I don’t know why they called me up.”¹³⁹

By the time the strategy of courteous capitalism matured in the late 1920s, utilities had developed specific training programs for nearly every customer-service job type, including clerks, cashiers, conductors, and ticket agents, as well as linemen, meter-readers, repair men, and telephone installers. Historians have already discussed the customer-service work of telephone operators, yet what has been less noticed is that telephone utilities employed many other customer-service representatives and these other employees received extensive customer-service training as well.¹⁴⁰ At a Bell conference in 1924, AT&T vice-president E.K. Hall stated that, “we are seeking especially to make each member, whether he be a cable splicer, operator, trouble man, installer, clerk, engineer, general manager, or office boy, realize that he is the official representative and spokesman of the company, both on an off duty.”¹⁴¹ These positions became especially important to the Bell System as automatic switching began to replace manual telephone operation in the 1920s. A Pacific Telephone & Telegraph manager informed colleagues at a meeting in 1925 that, “the first requirement of a Business Office employee is that he (or she) shall be possessed of a pleasing personality and an inherent courtesy.”¹⁴²

To train these customer-service workers, utility managers enumerated the customer-service interactions that each type of employee might encounter and then instructed workers how to respond in each case. Repairmen and metermen were taught to take off their shoes before tracking mud into a customer’s house, what to do if attacked by a dog, and even how to respond if asked to do additional repairs at a customer’s house or asked to watch a baby while the mother ran an errand. “If he is obliging, [and] courteous, he has gained a friend for his company,” noted the employee magazine about these situations, implying that babysitting was allowed. “But if he is gruff, curt, tracks up a clean floor with mud and is not accommodating, he has made an enemy,” the magazine noted.¹⁴³ Streetcar conductors also received specialized training, including instruction on how to be “polite yet firm” when passengers spit on the floor of the car, put their feet on

¹³⁸ W. H. Hamilton, discussion about S. M. Kennedy’s pamphlet “Service,” Second General Session, May 20, 1920, *NELA Proceedings* (1920), 57.

¹³⁹ J. David Houser, J. David Houser & Associates, “Employee-Customer Relations,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 736.

¹⁴⁰ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990) and Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001).

¹⁴¹ “Opening of Conference: Talk by E. K. Hall,” in *Bell System Educational Conference, 195 Broadway, New York City, August 18-23, 1924*, 8-9, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings’ Collection No. 6: AT&T Corp.; AT&T Archives and History Center, San Antonio, Texas.

¹⁴² Robt. E. Power, “Business Office Management,” in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 4; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T Archives and History Center, San Antonio, Texas.

¹⁴³ Miss Rose G. Stone, Editor, *Ohio Oil & Gas Men’s Journal*, “The Part Every Utility Employee Plays in Rendering Utility Service,” *American Gas Association, Tenth Annual Convention, October 8-12, 1928* (New York: American Gas Association), 168.

seats, smoked in the non-smoking car, or shouted obscenities at fellow passengers or the conductor. A survey of streetcar companies found that all thirty respondents instructed conductors to use “a courteous, pleasant manner” when explaining why a transfer was invalid. Twenty-six of the thirty companies taught conductors to accept the transfers rather than make an enemy.¹⁴⁴ A Philadelphia streetcar manager bluntly instructed conductors that, if they had to talk to customer, to “use low tones and [a] courteous manner,” but “on receiving proper fare, thank passenger and shut up.”¹⁴⁵ This was not the only company that worried about loquacious conductors. Several others also warned their conductors not to chat-up passengers.¹⁴⁶

Corporate posters that summarized these lessons were plastered on company bulletin boards and anywhere else employees might see them.¹⁴⁷ Companies also reiterated their courtesy training through the ceaseless production of employee magazine articles that stressed courteous service. Many of these magazines took courtesy as a central theme. In the regular column, “Better Public Relations,” the Market Street Railway of San Francisco instructed conductors in the “polite way” to collect fares from all passengers, including children.¹⁴⁸ In one installment, the column instructed conductors to “say ‘Pardon me! Is this girl (or boy) with you?’ (This is a polite way to suggest that he should drop another fare.)” The article tried to get conductors to understand how the passengers “feel about such matters” and rationalized that “the passenger may be taking the child along, not because she wants to, but because she has no place to leave it. And she imagines that the Company is taking an unjust advantage of her inconvenience.” Whatever the case, conductors were to insist on full fares for children over five, but do so courteously. One can gather how much employees enjoyed being told how to do their jobs from the first issue of the Southern California Edison’s new employee magazine, introduced in 1928 with the promise that it would not be as “preachy” and “long-winded” as the old version.¹⁴⁹

Since transforming public opinion was not a one-time act like passing a law, and since utilities experienced a significant amount of employee turnover, employee training

¹⁴⁴ “Appendix O – Report of the Committee on Employee – Customer Contact,” *Proceedings of the American Electric Railway Association, 1928: Containing a Complete Report of the Forty-seventh Annual Convention, Held at Public Auditorium, Cleveland, Ohio, September 22-28, 1928* (New York: American Electric Railway Association), 233, 231.

¹⁴⁵ H. L. Donaldson, Philadelphia Company and Affiliated Corporations, “Appendix A: Training for Better Public Contact,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 10.

¹⁴⁶ “Address of Mr. W. G. McAdoo, President, to the Train Employees of the Hudson & Manhattan Railroad Company, at Hoboken Station, New Jersey, February 21, 1908,” 4, Box 12, Volume 1, McAdoo Papers; “*Interurban Films Presents ‘Pacific Electric’s 1914 Training Film’*” YouTube video, posted by Butchuk2007’s channel, May 16, 2008, 2:16, <http://www.youtube.com/watch?v=iCTyMo8vak4>.

¹⁴⁷ B.J. Bowen, General Superintendent of Traffic, New England Telephone and Telegraph Company, “Personal Service Committees,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 7, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX; William Hamilton Burquest, “Marking Courtesy an Asset,” *Business: A Magazine for Office, Store, and Factory*, January, 1912, 11; Labert St. Clair, Director, Advertising Section, American Electric Railway Association, “Getting the Public Eye and Ear,” *American Gas Association Monthly*, January 1922, 30.

¹⁴⁸ Swett, *The Best of “The Inside Track,”* 96.

¹⁴⁹ “No Stock Quotas,” *Busy Buttons’ Bulletin* 1, no. 1 (February 1928) Box 461, Folder 4, SCE Records.

occurred continually, year-round.¹⁵⁰ “Training has to keep on practically forever,” declared one public relations consultant.¹⁵¹

Clothing

In addition to the department of employees, executives also scrutinized their dress, making sure that the physical appearance of clerks matched their behavior. Male clerks were required to shave, keep their hair cut and combed, and keep their hands clean and nails trimmed. Shirts had to be clean, pressed, and “conservative in color.” Collars also had to be clean and ties had to be conservative and neatly knotted. Coats were required at all times, even during the summer. Only black or brown shoes were allowed, and those had to be polished.¹⁵² As the editor of the *Pacific Telephone Magazine* observed reprovingly in 1920, “unshaven faces, spotted clothes, and mourning finger nails add not attractiveness to the scenery of a transaction.”¹⁵³

Meter-men and repairmen had even stricter dress and cleanliness requirements, partly because they traversed customers’ properties. One account of a repairman’s visit to a customer’s home noted that the repairman barged into the house and spoke abruptly to the housewife. “His hat was torn, his trousers were greasy, his shoes were muddy, and his face looked as though he hadn’t shaved for a week,” according to the account. After entering the house in this state, the repairman said “‘Hello, honey,’ to my baby, poking a finger at her.”¹⁵⁴ Such negative presentations had to end if utilities wanted to improve public opinion.

With that in mind, executives started requiring non-office employees to wear uniforms. The 1929 *Year Book* of the Public Service Company of Northern Illinois included a picture of metermen dressed in identical double-breasted coats, identification badges, and flat-topped caps. The caption read, “the uniform neatness and courtesy of the company’s meter readers is a valuable asset in good public relations.”¹⁵⁵ Samuel Kennedy instructed employees at the Southern California Edison Company to look in the mirror and “see how you measure up, by asking the reflection in the glass a few questions,” including: “What sort of person is this? What is the physical appearance? Is he tired looking? Are the clothes well pressed? Are the shoes polished? Are the hands

¹⁵⁰ Kennedy, “Transforming Public Opinion,” SCE Records, 9.

¹⁵¹ H.R. Halsey, J. David Houser & Associates, “Good and Bad Customer Relations Practices,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 1876.

¹⁵² “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” 18-19, 32, Box 289, Folder 26, SCE Records; Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 7; “Training For Better Public Contact—III: Building and Conducting the Training Program,” *NELA Proceedings* (1929), 1541.

¹⁵³ “The Counter,” *The Pacific Telephone Magazine*, February 1920, 3, AT&T-TX.

¹⁵⁴ *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 1.

¹⁵⁵ “Among the Employees,” *Public Service Company of Northern Illinois Year Book 1929*, 24, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

and nails tidy?...Does he make a good impression? Does he reel or attract?"¹⁵⁶ The Los Angeles Railway Company made it even easier for employees to engage in this reflected appraisal by providing conductors with a mirror labeled with reminders about what constituted proper attire. A note at the top of the mirror reminded conductors to keep their "cap clean," below which a label asked for a "clean shave," a "white collar," and at the bottom, "shoes shined."¹⁵⁷



A Los Angeles Railway conductor from the 1930s. Meter-readers in the gas and electricity industries dressed in a nearly identical fashion in the 1920s.¹⁵⁸

Utility managers did not stop with defining the outward appearance of clerks from head to toe. One NELA committee suggested that managers ban chewing gum, tobacco, and "any annoying habits, such as humming or whistling." Not even the posture and

¹⁵⁶ S. M. Kennedy, Vice-President Southern California Edison Company, *A Pleasing Personality*, 3, Box 449, Folder 5, SCE Records.

¹⁵⁷ Photo name, "Employee at Div 3 mirror '30s," Photo Album, "LARY [Los Angeles Railway] People," <https://www.flickr.com/photos/metrolibraryarchive/2950275659/in/set-72157617530992247> (accessed 4/24/2015).

¹⁵⁸ Photo name, "Employee at Div 3 mirror '30s," Photo Album, "LARY [Los Angeles Railway] People," <https://www.flickr.com/photos/metrolibraryarchive/2950275659/in/set-72157617530992247> (accessed 4/24/2015); "Among the Employees," *Public Service Company of Northern Illinois Year Book 1929*, 24, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

breath of employees escaped managerial scrutiny. These were included in the list of “typical” items checked for in clerks, according to the same NELA committee.¹⁵⁹

Women, who were entering the office in greater numbers in the early twentieth century, presented a special problem of dress. The subject came up in a discussion among executives in Boston when one observed that some women within his organization showed up for work “in the kind of gowns they wear to a theatre party or to an evening’s entertainment,” adding that “this is very undesirable in the office.” His solution was to have the “chief” lady, tell the younger ladies not to wear clothing with a “peek-a-boo waist” or in “colors that are not in conformity with the surroundings and with business conditions.” He noted that “the hint is usually accepted.”¹⁶⁰

The dress codes utilities implemented were not empty requirements. By the late 1920s, executives had discussed them at length and were acutely aware of how much power managers had and where their limits were. A NELA committee on attire reminded executives that they could not “run entirely counter to the community or current fads or fashions,” and cautioned managers against adding a new requirement simply because it “‘sounds well’ but which experience has shown will not be adhered to.”¹⁶¹ Though small, there was employee resistance, and items such as “riotous socks” continued to defy executive prescriptions.¹⁶²

Finishing School

In the minds’ of many executives, these dress codes requirements and courtesy training programs functioned as giant finishing schools for poorer Americans and the children of the immigrants who increasingly staffed the clerical positions of large corporations in the early twentieth century. According to utility managers, many of these clerks could speak and write English well enough to work in customer service, but needed additional training to smooth out their rough edges. As William McAdoo paternalistically explained to an audience at Harvard, “Many of them have had little or no advantages and, while they may want to do the right thing, they don’t always know how. By patient and kindly admonition we have succeeded in educating them to the required standard.”¹⁶³ Nella Henney, the author of a book on business etiquette, made a similar observation in 1922, stating that “many of the poor girls in business have never known anything but poverty, and their lives have been cast among people who have never known anything else. They have had no home training in the art of behavior (for the people at home did not know how to give it to them).” Henney found that the easiest girls to train were the ones from “moderate circumstances” who represented the majority. In contrast, “the wealthy girls who, through a turn of fortune have been forced into work

¹⁵⁹ “Training For Better Public Contact—III: Building and Conducting the Training Program,” *NELA Proceedings* (1929), 1541; S. M. Kennedy, Vice-President Southern California Edison Company, *A Pleasing Personality*, 3, Box 449, Folder 5, SCE Records.

¹⁶⁰ Kennedy, “Transforming Public Opinion,” SCE Records, 44.

¹⁶¹ “Training For Better Public Contact—III: Building and Conducting the Training Program,” *NELA Proceedings* (1929), 1539.

¹⁶² Samuel M. Kennedy, *Winning the Public*, 7.

¹⁶³ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 19.

and have gone unwillingly, are another matter.” According to reports from customers, they were “the rudest girls” who worked at corporations.¹⁶⁴

Thankfully for utilities, a clerk’s “breeding and refinement,” as one Bell supervisor put it, could only be detected by “the courtesy with which he or she deals with others.”¹⁶⁵ In the mind of executives, character was malleable and proper training could augment what a poor upbringing had neglected. “Through training,” noted a Bell film about an operator, “she gains those gentler qualities of unfailing courtesy so essential everywhere.”¹⁶⁶ In a remark that would have pleased historian Norbert Elias, an electricity executive declared that “courtesy may have been born in the court of a prince; but it can dwell and thrive in the court-yard of a peasant.”¹⁶⁷ Another streetcar executive agreed, stating that even workers who lacked the “so-called natural elements of personality” could still be trained to “make friends of customers.”¹⁶⁸

To put some sheen on their working-class clerks, corporate utilities instructed their employees in everything from posture and hygiene to pronunciation and letter writing. Utilities offered courses in public speaking, physical fitness, dancing, and sewing. The Boston Edison Company even offered a course from Yale’s Department of History.¹⁶⁹

This training was no altruistic crusade, however. As one Bell executive sternly told his colleagues at a personnel conference, personnel work had to pass the “economic test.” “Does what is proposed make for ultimate economical operation? Is the effort worth what it costs?” The purpose of all personnel work, he emphasized, was “to create, by education and training the affirmative, favorable Public Opinion.”¹⁷⁰

¹⁶⁴ Nella Braddy Henney, *The Book of Business Etiquette* (New York: Doubleday, 1922), 280.

¹⁶⁵ Olin J. Clark, Acting District Traffic Chief, Flint, “Courtesy in One’s Work Indicates Good Breeding and Refinement,” *The Mouthpiece* (Detroit, Michigan), March 1924, 13, AT&T-TX.

¹⁶⁶ Bell System, *Training for Service*, video, 1926, <http://techchannel.att.com/play-video.cfm/2013/7/3/AT&T-Archives-Training-For-Service>.

¹⁶⁷ Edward H. Mulligan, “Courteous Service,” *Edison Current Topics* 4, no. 7 (July 1915): 128, Box 308, Folder 4, SCE Records; Norbert Elias, *The Civilizing Process: The Development of Manners: Changes in the Code of Conduct and Feelings in Early Modern Times*, translated by Edmund Jephcott (New York: Urizen Books, 1978).

¹⁶⁸ H. L. Donaldson, Philadelphia Company and Affiliated Corporations, “Appendix A: Training for Better Public Contact,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 7.

¹⁶⁹ “Comprehensive Educational Work Carried On,” *The Peoples Gas Light & Coke Company Year Book*, 1924, 31, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections; Mary K. Cochran, Division Instructor, “Talks for Supervisors,” *Southern Telephone News*, May 1922, 8, AT&T-TX; Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 4, Filed with the Secretary of the Senate, June 15, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 4* (1928)), 364; Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 43; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 529-530.

¹⁷⁰ W.J. O’Connor, Assistant to President, Southwestern Bell Telephone Company, “The Why and How of Personnel Work in the Bell System,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 12, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

In the case of Bell operators, this education was institutionalized in the form of operator training schools. Here, young women learned proper courtesy, enunciation, and inflection, as well as geography, vocabulary, and psychology, “which sounded ‘highbrow to the girls,” according to an employee magazine editor.¹⁷¹ “A good deal has to be done,” sighed the editor, “to turn each voice which used to rasp, and send curt answers over the wire, into the cheery tones of a Pollyanna.”¹⁷² But the company was willing to undertake the project in the interest of improving public opinion.

After nearly three decades of training operators, the Bell System closed its last operating school in 1930. The Depression and the increase in automatic dialing combined to make the schools too expensive.¹⁷³ Yet the company continued to concern itself with its employees’ refinement, both on and off the job. After closing its operator schools the Bell System introduced a “self-development course” that employees could volunteer to take on their own time. The course, which was clearly geared toward women, discussed work etiquette, but also focused on table manners, dating, reading, conversation, and home-planning. One worksheet entitled, “A ‘checker-upper’ on Reading Habits,” asked employees if they spent time reading everyday, if they occasionally purchased a “good book,” and if their literature consumption contributed to their “conversational abilities.” Answering “No” to any of these questions resulted in a deduction of ten points from the quiz-takers grade. Another worksheet, called “My Manner of Acting,” covered dating and work, as well as “every-day affairs.” The section on dating asked female employees if they: “refuse to dance with one man and then immediately dance with another? Refuse to change dancing partners when another cuts in? Suggest what to do for the evening, though my escort has not asked me?” or “Explain my inability to accept an invitation simply by saying I have another?” The section on “work” asked the women whether they “show a spirit of cooperation and loyalty” or “go into a tantrum or otherwise display my nerves?” The “home” and “every-day affairs” sections, inquired whether employees assisted with the housework, behaved “cheerfully” toward family members, or placed their “purse and gloves on a restaurant table” when going out.¹⁷⁴

While executives viewed all these training methods as paths to improving their less fortunate employees, certain minimum standards still had to be met. Utilities therefore thoroughly vetted their potential service workers to make sure they qualified. Bell managers routinely subjected their potential operators to social scrutiny. As an employee magazine from 1916 revealed, if job applicants passed a series of mental and physical tests, then a manager would visit the woman’s house to see if she was “comfortably situated” or if the house was “too far from a carline to make a trip at 10 o’clock at night safe for the unescorted girl.”¹⁷⁵ In 1920, an electricity executive justified such home visits by inquiring of his colleagues, “How many times do you suppose an

¹⁷¹ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 43; “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX.

¹⁷² “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX.

¹⁷³ M.B. French, Traffic Engineer, “Review of Bell System Traffic Operations, 1930,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*,” 4, File: Conference, 1926, 1931, Box 10, Record Group 5, Collection 3, AT&T-TX.

¹⁷⁴ The Dartnell Corporation, Chicago, *Special Investigation: Training Clerical Employees, Report No. 578*, Box 7, Folder 3, Alfred W. Uhrich Papers, The Huntington Library, San Marino, California, 13.

¹⁷⁵ “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX.

employee is unfriendly with the public because he has troubles at home of which we have no conception?...How can we know when such help is needed by the employees, unless we make a business of keeping in touch with the personal problems?"¹⁷⁶ Such "personal, kindly investigating work" represented a "good investment," a Bell employee wrote observed and then boasted that the Ford Motor Company was not the only corporation involved in "welfare work."¹⁷⁷

This investigative work was not limited to the moralistic Progressive Era. In 1930, the American Gas Association published a form that personnel managers used, with the help of doctors, to learn about their job applicants' "present personal history." The form included questions about the applicants' alcohol, tobacco, tea, and coffee use, as well as the applicants' "constipation, exercise, [and] menses." The form also included space for notes on hemorrhoids, fistulas, "hyp sphincter," and the applicant's "genitalia."¹⁷⁸ The humiliation and lack of privacy that some applicants endured just to apply for a job at a utility was almost without limit.

To organize and facilitate all these background checks, courtesy classes, and dress-code instruction, executives practicing courteous capitalism established whole new departments and positions. By 1922, one electricity company had created a position of "director of education,"¹⁷⁹ while a streetcar company hired a "superintendent of complaints" as early as 1914.¹⁸⁰ The Bell System began hiring "public relations engineers" and "business office coaches."¹⁸¹ By the end of the 1920s, the Peoples Gas & Electric Company in Chicago had created an entire "training and education division."¹⁸²

The names of existing departments and positions also changed to reflect a more customer-orientated sentiment. The Southern California Edison Company changed the job title of "general agent," which had existed in 1913,¹⁸³ to "manager, consumers' department" by 1924, a revealing change. The organizational structure of the company also changed. The manager of the consumers' department now reported to a new position, the "vice-president for public relations and business development."¹⁸⁴ By 1924,

¹⁷⁶ W. H. Hamilton, discussion about S. M. Kennedy's pamphlet "Service," Second General Session, May 20, 1920, *Proceedings of the Forty-third Convention of the National Electric Light Association*, Pasadena, CA, May 18-22, 1920 (New York: National Electric Light Association, 1920), 58.

¹⁷⁷ "The Speech-Weaver's School," *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX.

¹⁷⁸ "Medical Record," *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), insert between 1856 and 1857.

¹⁷⁹ Public Speaking Committee, Public Relations National Section, *Serial Report* (New York: National Electric Light Association, May, 1929), 2.

¹⁸⁰ J.E. Dozier, General Manager, Nahant & Lynn Street Railway Co., Lynn, Mass., "Complaint Superintendents," *AERA*, February 1914, 716 (New York: The American Electric Railway Association, 1914).

¹⁸¹ W.J. Phillips, Division Commercial Superintendent, "The Employee's Part in Public Relations," *Pacific Telephone Magazine*, November 1914, 5, AT&T-TX; "Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company," in *Operating Papers Conference - Absecon, New Jersey, Year 1931*, 7; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

¹⁸² *The Peoples Gas Light & Coke Company Year Book, 1929*, 24, Folder 55-1, Insull Papers.

¹⁸³ "Organization Diagram," October, 1913, Box 470, Folder 6, SCE Records.

¹⁸⁴ *Commerce Journal* 4, no. 1 (August 1923): 5-8, Box 470, Folder 6, SCE Records. Although this organizational chart is from 1923, Kennedy referred to himself by this title in speeches and in his book *Winning the Public* as early as 1921.

the Pacific Gas & Electric Company also had a vice-president in charge of public relations and sales.¹⁸⁵

Utilities required these new positions and departments because the extent of the courtesy training that utilities carried out was immense. In 1929, the Bell System was the largest employer outside the federal government and employed over 450,000 workers, many of whom were service workers.¹⁸⁶ Also in 1929, the electricity industry represented the thirteenth largest employer in the country, employing 230,000 people.¹⁸⁷ Most of these companies trained their low-level workers in courtesy.¹⁸⁸ In 1929, the People's Gas Company of Chicago alone employed 1,000 workers with "direct contact with customers" and trained these workers on a "day-to-day" basis.¹⁸⁹

These workers had an extraordinary amount of personal contact with the public. Between 1910 and 1930, tens of millions of Americans signed up for telephone and electricity service, many of them in person.¹⁹⁰ Customers also visited electricity offices to buy light bulbs, electric irons, coffee percolators, stoves, washing machines, and other popular consumer items of the 1920s, which were often sold at electricity offices.¹⁹¹ Sales clerks, counter clerks, meter-readers, repairmen, conductors, ticket agents, and even tree trimmers personally interacted with millions of customers a year.¹⁹² Telephone installers also contacted large numbers of customers. According to one estimate, installers spent three-fourths of their time in subscribers' homes.¹⁹³ In 1922, streetcar conductors served 12 million passengers.¹⁹⁴ In 1923, Samuel Insull noted that his People's Gas Company of

¹⁸⁵ Pacific Gas & Electric Company, *Outstanding Features of Pacific Service* (San Francisco: 1924), 5, Box 440, Folder 8, SCE Records.

¹⁸⁶ Paul A. Walker, Commissioner, Federal Communications Commission, *Proposed Report, Telephone Investigation, (Pursuant to Public Resolution No. 8, 74th Congress)* (Washington: Government Printing Office, 1938), 563.

¹⁸⁷ *Statistical Supplement to the 'Electric Light and Power Industry in the United States': Prepared, as the Statistical Section of the N. E. L. A. Handbook, by the Statistical Research Department of the Association, Revised to January 1, 1929: Supplement to the N.E.L.A. Publication 289-14 (1929)*, 3.

¹⁸⁸ "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281.

¹⁸⁹ *The Peoples Gas Light & Coke Company Year Book, 1928*, 23, Folder 55-1, Insull Papers.

¹⁹⁰ Fifteen million Americans subscribed to Bell telephones alone between 1910 and 1930; *Annual Report of the American Telephone & Telegraph Company for 1934* (New York), 25; Claude S. Fischer, *America Calling: A Social History of the Telephone to 1940* (Berkeley: University of California Press, 1992), 44; David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 261; R. T. Duncan, "Report of Customer Relations Committee," *NELA Proceedings*, Commercial National Session (1927), 408.

¹⁹¹ Lucien Kellogg, "'Visitors are Welcome': How a Western Utility Brings Together Four Factors in Its Sales-and-Service Plan," *Business*, May, 1925, 25, Box 440, Folder 8, SCE Records.

¹⁹² "Customer Satisfaction as an Asset in Public Utility Business," *The Peoples Gas Light & Coke Company Year Book, 1926*, 20, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹⁹³ "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 282; R.H. Burcher, Assistant Vice President, AT&T, "Operating Objectives of the Bell System and How and Where Personnel and Public Relations Activities Can Help Attain Them," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 21, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

¹⁹⁴ Floyd W. Parsons, "You and the Public Utilities: The Part They Play in the Everyday Life of Every Citizen," *The World's Work*, May, 1922, 100, 104.

Chicago responded to over a half million turn-ons and turn-off requests per year, since nearly half of the city's population moved annually.¹⁹⁵ In 1926, People's Gas counted 2.8 million personal contacts of all kinds, not including the more than 2 million telephone conversations with customers, along with 10 million bills sent and collected from customers.¹⁹⁶ The company's clerks also personally replied to numerous letters of complaint.¹⁹⁷ In 1928, Bell's 20,000 commercial clerks engaged in over 100 million face-to-face transactions with customers.¹⁹⁸ In the 1920s, utility clerks trained in political courtesy may have dealt with more people face-to-face than any other type of large organization, with the possible exception of the Post Office.¹⁹⁹

“Smile”

In addition to training employees within their own companies, executives also organized across companies to advance the public relations goals of the entire industry. By the mid-1920s, the electricity industry had become so well organized that it was capable of launching massive public relations campaigns, involving thousands of people, in a short amount of time. In February of 1924, the entire electricity industry in California launched its “Smile” campaign, which organized 31,000 electricity employees into a “Courtesy Service Club” in just one month. These employees included utility workers, equipment manufacturers, appliance wholesalers, and salesmen. Membership in the club was not entirely optional, since, as the club's brochure explained, the “personal advancement” and the “happiness and health” of employees depended on whether or not they chose to “be courteous.” To join the club, workers signed a card that read: “I believe the Courteous Service Club will be of great value to me and every fellow worker in the Electric Industry—and hereby enroll myself as a member and pledge myself to secure other members to this Club.” Recruiting others to join the club was necessary, according to organizers, because they needed “a great many people to solicit members and spread the gospel.” In return for joining, members received a lifetime membership card, a little

¹⁹⁵ “Relations with Customers,” *The Peoples Gas Light & Coke Company Year Book, 1924*, 25, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹⁹⁶ “Service to Our Customers,” *The Peoples Gas Light & Coke Company Year Book, 1927*, 15, Folder 54-13, Insull Papers; “Customer Satisfaction as an Asset in Public Utility Business,” *The Peoples Gas Light & Coke Company Year Book, 1926*, 20, Folder 54-13, Insull Papers.

¹⁹⁶ *The Peoples Gas Light & Coke Company Year Book, 1927*, 15, Folder 54-13, Insull Papers; “Customer Satisfaction as an Asset in Public Utility Business,” *The Peoples Gas Light & Coke Company Year Book, 1926*, 20, Folder 54-13, Insull Papers.

¹⁹⁷ *The Peoples Gas Light & Coke Company Year Book, 1927*, 15, Folder 54-13, Insull Papers.

¹⁹⁸ “Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 7; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX; *Annual Report of the American Telephone and Telegraph Company for the Year 1928* (New York), 6.

¹⁹⁹ In 1927 there were 22 billion telephone conversations, compared to 15 billion letters sent through the mail. This brought telephone companies, via switchboard operators, into more personal contact with customers than the post office, though not face-to-face, ref. M. S. Sloan, President of the Brooklyn Edison Company, *A Problem of Human Nature* (1925), 6, Box 449, Folder 6, SCE Records; Rocky Mountain Committee on Public Utility Information, “Public Utility Service, 1927, The Telephone, Its History and Methods of Operation: For Use of School Students, English and Current Topics Classes, and Debating Clubs,” 10, Box 485, Folder 1, SCE Records.

red “Smiles” button, and a subscription to the quarterly newsletter called *Smiles*. This contained bits of news, encouraging stories, and a “suggestive cartoon.”²⁰⁰

There is no reliable record of how the employees received the program, but if one organizing executive is to be believed, an employee wrote to him that, “I am strong for the smile—at work and at play,” and “I find it pays big to give courteous service,” though the employee admitted she did not deal with the public much, “being a switchboard operator in my Company’s steam plant.” If this letter is authentic the organizers achieved their stated goal “to instill in each man and woman’s mind the value to the individual of courtesy, backed up by a real smile.”²⁰¹

Emotional Bureaucracies

In addition to treating customers courteously, executives also wanted their employees to treat each other courteously. In 1924, a Bell employee magazine from Chicago tried to promote internal cooperation by encouraging workers to “be pleasant and have a kindly feeling toward all.”²⁰² In the same year, a Michigan Bell employee magazine inquired, “How many times have you, as a toll operator, received a surly answer from the distant office of the phrase ‘What’d you want?’” The article provided a hint into working conditions for operators, though it hastened to add, “of course you pass your order in a pleasing tone of voice because you are refined and are the possessor of courtesy. You are a good operator...I am certain that you surely do appreciate courtesy from your fellow-employees.”²⁰³

The goal of internal courtesy even extended to managers and executives. A PG&E magazine article entitled “How to Get the Best Results from Workmen” advised managers to show their appreciation to employees by cheerfully saying “good morning.”²⁰⁴ AT&T executive Walter Gifford, reflecting on his company’s personnel policies, claimed that “we don’t shout at people nowadays and hammer the desk...We really hardly give orders.”²⁰⁵ Courteous capitalism not only increased the apparent friendliness of clerks toward customers, but it also encouraged friendly behavior within the firm.

The finding that utility executives infused their firms with human emotion is exactly the opposite of what Max Weber believed about bureaucracies. In *The Theory of Social and Economic Organization* Weber argued that the most significant aspect of the modern world was the relentless organization of society, which was primarily driven by corporate bureaucracies. These corporations had expanded across time and space and swallowed up the small shops and shopkeepers. By the early twentieth century, mammoth

²⁰⁰ R. A. Balzari, Westinghouse Electric and Manufacturing Company, “Courteous Service Clubs,” *Service Suggestions*, no. 32 (March 1925) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1925), 500.

²⁰¹ R. A. Balzari, Westinghouse Electric and Manufacturing Company, “Courteous Service Clubs,” *Service Suggestions*, no. 32 (March 1925) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1925), 500.

²⁰² “Co-operation—‘Say It With Action,’” *Bell Telephone News* (Chicago) February 1924, 5, AT&T-TX

²⁰³ Olin J. Clark, Acting District Traffic Chief, Flint, “Courtesy in One’s Work Indicates Good Breeding and Refinement,” *The Mouthpiece* (Detroit, Michigan), March 1924, 13-14, AT&T-TX.

²⁰⁴ C. Y. Ferguson, “How to Get the Best Results From Workmen,” *Pacific Gas and Electric Magazine* 1, no. 9 (February 1910): 389.

²⁰⁵ Quoted by Richard Gillespie, *Manufacturing Knowledge: A History of the Hawthorne Experiments* (Cambridge, UK: Cambridge University Press, 1991), 27.

corporations touched nearly everyone's lives, except the leaders of these firms who alone were immune from their organizations' domination of the market and the individual. These large bureaucracies, especially when capitalist in orientation, Weber believed, were dominated by "a spirit of formalistic impersonality," and were therefore "without affection or enthusiasm," where *affection* has also been translated *emotion*. For Weber, corporations had purged the human emotions from their in their organizations in the relentless drive toward greater efficiency.²⁰⁶

Weber's view of the steadily organizing yet soul-crushing nature of bureaucracies has had a strong influence on the historiography of the Progressive Era. Samuel P. Hays wrote in *Response to Industrialism* that the Progressive Era could be characterized by a shift from a decentralized and personal society to a centralized and impersonal one. Technical experts took control from local laypeople. As Robert Wiebe argued in *The Search For Order*, a new "bureaucratic orientation" emerged around 1900, that "obliterated the inner man." Workers mindlessly hammered away on the assembly line while students uncritically memorized scientific facts. For these scholars, like Weber, modernization and bureaucratization entailed the erasure of the soul.²⁰⁷

Yet executives at America's largest corporate organizations recognized a much different change taking place. In their view, the political challenges of the Progressive movement brought a shift away from a contemptuous corporate culture of the late-nineteenth century and ushered in a courteous corporate culture during the early-twentieth century. Utility executives and outside observers clearly identified this transition. "There was a time when public utilities didn't pay much attention to an unfriendly attitude. That time has gone," declared the president of the Brooklyn Edison Company, M.S. Sloan, in 1925, "the pendulum has swung. It had to. Abandonment of the old attitude was inevitable."²⁰⁸ "Until recently," confirmed a senior executive at a NELA conference in 1924, "the public utility men of this county had their whole time, thought, and attention riveted upon the scientific and mechanical problems of their industry which could be solved by trained men. We exalted mechanical efficiency and, just as we emphasized it, we minimized the human element in our business." Yet this myopic focus on technical problems created a problem of public opinion, which required the "human touch."²⁰⁹ At the very time when Weber published *The Theory of Social and Economic Organization* in 1919, his theory quit being true in the American utilities industries.

This embrace of courteous capitalism signaled the decline of the technical expert, another central character in the story of the Progressive movement. According to Wiebe, Hays, and many others, elite technical experts took control from locally elected leaders during the Progressive Era. While this is true in many other cases, in the case of utility companies, management's focus on courtesy reduced the power of technical experts,

²⁰⁶ Max Weber, *The Theory of Social and Economic Organization*, trans. A. M. Henderson and Talcott Parsons (Glencoe, IL: The Free Press, 1947), 340; first published in German in 1920.

²⁰⁷ Robert H. Wiebe, *The Search for Order, 1877-1920* (New York: Hill and Wang, 1967), 148; Samuel P. Hays, *The Response to Industrialism, 1885-1914*, 2nd ed. (Chicago: The University of Chicago Press, 1957); Keith D. Revell, *Building Gotham: Civic Culture and Public Policy in New York City, 1898-1938* (Baltimore, MD: The Johns Hopkins University Press, 2003), 38.

²⁰⁸ M. S. Sloan, President of the Brooklyn Edison Company, *A Problem of Human Nature*, 7-8, Box 449, Folder 6, SCE Records.

²⁰⁹ P. H. Gadsden, Vice-President, United Gas Improvement Co., "The Committee Chairman's Viewpoint," *NELA Proceedings* (1924), 154-55.

especially engineers. Before this, engineers had been in the ascendant, both within utilities and in society in general. Engineers believed that they could unlock the benefits of technology, liberate humanity from drudgery, and even solve the labor problem, if only they could be free from the annoying encumbrances of democracy.²¹⁰ “We are priests of the new epoch,” declared the president of the American Society of Civil Engineers to his members in 1895. In the same year, Frederick Winslow Taylor exhibited a similar mindset, entitling his paper “A Piece-Rate System, Being a Step Toward partial Solution of the Labor Problem.” Many Progressive thinkers, such as Louis Brandeis, subscribed to these views, and in 1906, Taylor was elected president of the American Society of Mechanical Engineers.²¹¹

By the second decade of the twentieth century, however, engineers and engineering solutions no longer dominated the discussions among utility executives. “This great problem of reaching the confidence of the public does not lend itself to solution by any slide rule,” declared an influential utility executive at a NELA gathering in 1924. Rather, the problem of improving public opinion required something “from the heart, not the head.”²¹² During a discussion about courtesy in 1921, a senior Stone & Webster executives told colleagues that “if you look over the transactions of the National Electric Light Association for the first years of its existence [in the late-nineteenth century] you find absolutely nothing in the records discussing such as we have been having here the last few days, nothing was talked about in those days but engineering problems.²¹³ A review of the annual NELA *Proceedings* confirms his observation. It was not until 1903 that NELA published its first pamphlet on courteous customer service and not till several years later that courtesy became a regular topic of discussion.²¹⁴ Courteous capitalism helped turn back the rise of technical experts and also helped turn back the Progressive attacks on corporate monopolies.

²¹⁰ Theodore M. Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton, New Jersey: Princeton University Press, 1995), vii.

²¹¹ Monte A. Calvert, *The Mechanical Engineer in America, 1830-1910: Professional Cultures in Conflict* (Baltimore, MD: The Johns Hopkins University Press, 1967), 205-06, 238-39; Edwin T. Layton, *Revolt of the Engineers: Social Responsibility and the American Engineering Profession* (Cleveland, OH: The Press of Case Western Reserve University, 1971), 55, 66, 144.

²¹² P. H. Gadsden, Vice-President, United Gas Improvement Co., “The Committee Chairman’s Viewpoint,” *NELA Proceedings* (1924), 155.

²¹³ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 45-46.

²¹⁴ “Training for Better Public Contact—Its Necessity and Importance,” *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281.

Chapter Two: Courteous Capitalism Intensifies

Introduction – The Origins and Growth of Worker Surveillance

In 1929, William Durgin of the Commonwealth Edison Company, reported a frustrating problem to colleagues at an industry conference. Durgin could not accurately gauge the service quality of his clerks because they behaved differently when they knew they were being watched. “The employee knows what he is expected to say and produces the right answer at the right moment,” Durgin complained. The presence of supervisors was self-defeating when it came to measuring customer service. Only in the absence of supervisors, Durgin concluded, would employees engage in the “genuine employee performance which we have started out to measure.”²¹⁵

With that in mind, Durgin began hiring “mystery shoppers,” who went around to utility offices and secretly graded clerks on their customer service.²¹⁶ Durgin hired these customer-critics by placing ads in newspapers soliciting, “Housewives for interesting, part time work.” Armed with a concealed “Service Sampling Check List,” these mystery shoppers rated utility employees in four categories: appearance, information, speech, and politeness. “Politeness”—defined as “good manners”—had originally been termed “courtesy” and defined as “bearing and charm,” but that description proved too open to subjective interpretation.²¹⁷

Mystery shoppers had first rated a clerk’s politeness on a fifty-point scale, with increments labeled “very gracious,” “rather gracious,” “ordinary attitude,” “somewhat brusque,” and finally, “discourteous, tactless.” Later Durgin introduced simple yes/no questions. Under “Speech,” shoppers were asked if the clerk’s voice had a “disagreeable or patronizing inflection?” Under “Politeness,” mystery shoppers determined if their clerks: “Give you a pleasant greeting? Look at you while he talked? Remain seated while you were standing,” “Address you by your name,” and said “‘Thank you,’ ‘you are welcome,’ ‘good-bye’” For “Appearance,” shoppers determined if employees needed “a hair cut or shave,” had “soiled” hands or nails, and if their desk was “orderly.” Shoppers also rated the employee’s “appearance” as either, “excellent-good-fair-poor,” or “very poor” A separate form rated telephone operators. Did the operator: “speak distinctly and clearly?...use words you could not understand?...interrupt you or argue with you?” and

²¹⁵ Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 18.

²¹⁶ Byron F. Field, Superintendent, Training Division, Commonwealth Edison Company, Chicago, “Appendix C: Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 15.

²¹⁷ Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 18-19.

used “‘please,’ ‘I am sorry,’ or ‘excuse me?’” Or, did the operator utter the forbidden explanation: “It’s the company’s rule.”²¹⁸

<u>SERVICE SAMPLING CHECK LIST FOR DESK MEN</u>			
<u>APPEARANCE</u>		Per cent.....	
1. Pleasant expression on his face?	Yes No		
2. Need a hair cut or shave?	Yes No		
3. Clothing pressed, neat and clean?	Yes No		
4. Hands and nails soiled?	Yes No		
5. Desk orderly?	Yes No		
6. Appearance excellent - good - fair - poor - very poor			
WHY?			
.....			
<u>INFORMATION</u>		Per cent.....	
1. Answer all your questions?	Yes No		
2. Volunteer necessary information?	Yes No		
3. Did you understand the explanation?	Yes No		
4. Inspire confidence that what he said was correct?	Yes No		
5.			
6. Information excellent - good - fair - poor - very poor			
WHY?			
.....			
<u>POLITENESS</u>		Per cent.....	
1. Give you a pleasant greeting?	Yes No		
2. Look at you while he talked?	Yes No		
3. Remain seated while you were standing?	Yes No		
4. Address you by your name?	Yes No		
5. ‘‘Thank you,’’ ‘‘you are welcome,’’ ‘‘good-bye?’’	Yes No		
6. Politeness excellent - good - fair - poor - very poor			
WHY?			
.....			
<u>SPEECH</u>		Per cent.....	
1. Disagreeable or patronizing inflection?	Yes No		
2. Voice especially pleasing?	Yes No		
3. Tone too loud or too low?	Yes No		
4. Words distinct and clear cut?	Yes No		
5. Words you could not understand?	Yes No		
6. Language and voice excellent - good - fair - poor - very poor			
WHY?			
.....			

A check-list used by mystery shoppers in 1929.²¹⁹

The Bell Telephone System went even further in their surveillance efforts by embedding microphones into their customer service counters in the 1920s.²²⁰ This way, Bell managers could constantly listen in to customer-clerk interactions from a hidden room behind the commercial office rather than sample the service of clerks only occasionally.²²¹ The technique was a logical extension of Bell’s long held practice of

²¹⁸ Byron F. Field, Superintendent, Training Division, Commonwealth Edison Company, Chicago, “Appendix C: Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 16.

²¹⁹ Byron F. Field, Superintendent, Training Division, Commonwealth Edison Company, Chicago, “Appendix C: Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 16.

²²⁰ “The Work of the Commercial Department: Part I: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927, 9-10*; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX.)

²²¹ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 9, AT&T Archives-TX.

listening in on operators. But as direct dial phones became more popular, and clerks at branch offices became the literal face of the company, Bell began focusing more on the courtesy of their customer-service clerks. By 1930, seventy-percent of Bell's face-to-face customer service transactions at large Bell offices were under surveillance in some way, up from just forty-five percent the year before.²²²

The origin of these surveillance programs went back to William McAdoo's customer-feedback program, which invited passengers to write to McAdoo about offensive employees. McAdoo claimed that he did not receive many letters, but other streetcar executives who adopted the strategy received up to five hundred complaints a month. Considering that many more passengers must have been offended but not written a letter, and the fact that customers often talked about these experiences with their friends, one manager acknowledged that it was "not difficult to visualize the magnitude of the wave of hostility which ignored complaints can cause."²²³ To route these complaints back to the company, rather than to friends or politicians, gas, electricity, and telephone executives began directing their customers to write to management in the early twentieth century.²²⁴

In some cases, utility executives directly solicited customer feedback. In 1912, the president of the Boston Edison company sent letters to each of his 45,000 customers asking if they had "any fault to find with the Edison service?"²²⁵ Some utility executives also began calling their own companies and impersonating a customer to determine the quality of their company's customer service. The behavior of the employees, the amount of time executives were put on hold, and the number of times they were transferred, gave executives some idea about how customers were treated. Executives also sent individuals to district offices to see how face-to-face service appeared from the other side of the counter, though in the early-1920s the practice had not yet been formalized and provided only impressionistic results.²²⁶

In the early 1920s, companies began to formalize these early methods, in an attempt to obtain a better idea of how customers were treated by clerks. In 1921, in search of more accurate customer service data, Samuel Kennedy, the vice-president of public relations for the Southern California Edison Company, took one of the first steps in this direction by creating the "Department of Greater Service" within his company. Kennedy

²²² "Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company," in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 15; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

²²³ "Appendix O – Report of the Committee on Employee – Customer Contact," *Proceedings of the American Electric Railway Association, 1928: Containing a Complete Report of the Forty-seventh Annual Convention, Held at Public Auditorium, Cleveland, Ohio, September 22-28, 1928* (New York: American Electric Railway Association), 226.

²²⁴ Kennedy, "Transforming Public Opinion," SCE Records, 24-25; David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 435-436, 525-526.

²²⁵ David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 435-436.

²²⁶ Kennedy, "Transforming Public Opinion," SCE Records, 24-25; David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 526.

hand-picked forty men, gave them a good salary, and “patiently schooled” them in all aspects of the company. No “young fellows” or “fly-by-nights” were admitted. After their training, Kennedy assigned each man to one of the company’s districts where they functioned as Kennedy’s eyes and ears in the field. Each month, these workers called on 600 customers at their homes and interviewed them to “obtain the mental attitude of each customer.” After each interview, the employees filled out a card that categorized the customer’s attitude as “in accordance with the company,” “indifferent,” or “antagonistic.” Department of Greater Service employees also observed service at their assigned district office, and occasionally helped customers, who sometimes came in and asked for them by name. Although these men had a desk at their assigned district office,²²⁷ they bypassed the normal chain of command and reported directly to Kennedy, instead of to the local district manager.²²⁸ This way, Kennedy could carry out surveillance, even of his managers. After listening to Kennedy talk about the Department of Greater Service, one outside executive noted that “the knowledge that men are travelling over the territory, talking with customers and checking service, must put the employee on his mettle.” It did indeed, Kennedy assured him, employees were now “much more alert” and “tuned up to a higher point,” since they knew they were being observed and talked about by customers.²²⁹

Other companies established similar surveillance programs. In 1925, the Boston Edison Company, which had no formal relationship to the Southern California Edison Company, initiated the Visiting Representative Division.²³⁰ In the late-1920s, the Bell System established the Office of Service Representatives in which former operators visited customers. Since the representatives needed to “gain the good will of the customer” to get the job they had to have “experience, personality, cleanliness, wholesomeness, versatility, appearance, voice, kindness, understanding, sympathy, gentleness, [and] intelligence.”²³¹ In 1926, Samuel Insull’s People’s Gas Company, established an Error Bureau that measure complaints and “traced errors to their source” according a company article on the subject, entitled “Errors Checked, Manners Improved.” According to the article, the Error Bureau, reduced employee mistakes and, as a result, customer complaints went down and customer satisfaction went up.²³² The

²²⁷ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” 29-30, Box 289, Folder 26, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

²²⁸ “Chart I,” *Commerce Journal* 4, no. 1 (August 1923): 5, Box 470, Folder 6, SCE Records.

²²⁹ Kennedy, “Transforming Public Opinion,” SCE Records, SCE Records, 44.

²³⁰ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 526.

²³¹ “Mrs. Crete Herlihy, “Subscribers’ Instruction,” in *Fifth Annual Chief Operators Conference, Los Angeles, February 15th, 1929*, 56; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

²³² “Errors Checked, Manner Improved,” *The Peoples Gas Light & Coke Company Year Book, 1926*, 21, Folder 54-13, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

People's Gas Company also sent out reply cards or called customers immediately after customers had visited a local office or received a visit from a repairman.²³³

Yet these programs failed to provide an accurate measurement of public opinion. By the late-1920s, executives were getting frustrated with their inability to obtain accurate public opinion data for their monopolies. Service representatives often found that customers were reticent about sharing the details of their last customer-service experiences with employees, or that too much time had passed since the customer's last visit and that their recollections were vague. Managers still read letters of complaint or praise, but they realized that these letters usually involved extreme cases that did not reflect the average level of customer service.²³⁴

With so much riding on customer courtesy, and with so much money being spent on employee training, executives did not want to rely on haphazard sampling techniques, such as letters from customers or managers' observations of clerks. "We are interested, not in what our people *say* they will do under such and such circumstances, but what they actually do when they are the company and no supervisor or associate is within hearing distance," explained one manager in 1929, "we must have some technique which will get the measurement through the eyes of the public rather than those of anyone associated with the company."²³⁵

To obtain reliable customer-service data, executives turned to outside consultants, including one of the leading business consultants in the nation, psychologist J. David Houser. Houser's namesake firm boasted the capability of carrying out consumer-attitude surveys across a company's service territory, as well as employee-attitude surveys within a company itself.²³⁶ To gauge customer service, Houser also employed mystery shoppers to systematically rate utility employees on their job performances.

By 1930, Houser's firm had used mystery shoppers to survey seventy-five utility firms from across the country. The data included interviews with "probably a hundred thousand customers, actual customers, bona fide customers, interviewed in regard to what they thought about public utilities," according to Houser. "It is the most fascinating single set of generalizations on public relations that I have ever laid my eyes on," Houser exclaimed at a utility industry conference in 1930.²³⁷

The results were not encouraging. The survey of "public attitude" indicated "a degree of favor toward private ownership of about 26," out of 50. Barely a majority of

²³³ *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 4.

²³⁴ *Training for Better Public Contact—Measurement of Results Obtained By a Public Contact Training Program: Serial Report of the Industrial Relations Committee 1928-1929, Public Relations National Section, July 1929* (1929), 2.

²³⁵ Wm. A. Durgin, Commonwealth Edison Company, Chicago, "Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling," in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 18.

²³⁶ Sanford M. Jacoby, "Employee Attitude Testing at Sears, Roebuck and Company, 1938-1960," *The Business History Review* 60, no. 4 (Winter, 1986): 605-06.

²³⁷ J. David Houser, J. David Houser & Associates, "Employee-Customer Relations," *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 736.

Americans in 1930, according to this study, favored private ownership of utilities. Houser also measured “customer attitude toward service,” which focused on “the way employees treat the public as they come into the various utility companies,” in Houser’s words. In that category, utilities performed even worse, earning only 26 points on a 100 point scale.²³⁸

Customer service scores varied by the customer’s age and looks, Houser found. Eight female mystery shoppers running nearly 100 samples found that, “an elderly, pleasant faced and unpretentious woman who fits in with the prevalent conception of ‘mother’ will secure notably better service in the long run than the younger, prettier and more stylishly dressed sampler.” The executive presenting the results did not offer an explanation for this, though it may have been easier for younger clerks to respect their elders than to grovel before their peers.²³⁹

The surveillance in the telephone industry produced only slightly better results than what Houser had found in the electricity industry. In 1929, Bell observers found that only forty-three percent of customer-service interactions at branch offices were free of defects. In 1930, that number had increased to fifty-three percent.²⁴⁰ Though the numbers were low, executive had believed they were accurate since the Bell System had just standardized their observation methods.²⁴¹

The results of these studies confirmed to executives that more courtesy training was needed in order to change public opinion regarding monopoly utilities. One executive in Chicago responded to the survey in Chicago that since “physical service”—meaning continuous electric current—and “price are satisfactory in Chicago, we must raise the performance of the employees in contact with our customers, if we are to secure a more sympathetic interest in the company’s service...and hence a public attitude which will permit continuous development.”²⁴²

²³⁸ J. David Houser, J. David Houser & Associates, “Employee-Customer Relations,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 736-37.

²³⁹ Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 19.

²⁴⁰ “Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 15; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

²⁴¹ “Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 15; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

²⁴² Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 17.

But what else could executives have concluded? Could they admit that public distaste for utilities stemmed partly from the fact that utilities monopolized markets and resources, sent profits to distant headquarters and holding companies, and were weakly overseen by compliant and usually non-democratically selected regulators? These were precisely the criticism leveled by Senator George Norris, and many others, but for utility executives to admit to them would have been heresy.²⁴³ It would call into question the utilities' entire market structure.

Ideology

Surveillance using supervisors, customers, mystery shoppers, and microphones provided a few ways for companies to control their clerks, but it would be much easier if employees internalized the demands of courteous capitalism and controlled themselves. Yet the demand to cooperate with the company and behave in a subservient and implacably courteous manner violated several strongly held American values, including independence and individualism. This made it difficult for corporations to legitimize the values they wished to emphasize, such as cooperation, obedience, and loyalty.

To fix this problem, executives constructed a competing ideology that emphasized some values that were useful to utilities, while deemphasizing others. Executives stressed cooperation, as Frederick Winslow Taylor had done before them,²⁴⁴ as well as obedience, enthusiasm, and loyalty. These words were loaded with ideology in their usage in employee magazines, executive speeches, and company mission statements.

The most important corporate value within this new ideology was loyalty, which was built up in importance by associating loyalty with sacrifice and sacrifice with patriotism. "The greatest faculty of qualification that a man can have is that of loyalty," declared one executive in an employee magazine article entitled "Judgment, Enthusiasm, Obedience and Loyalty." Another executive at a NELEA convention defined loyalty as "a willingness to sacrifice your time."²⁴⁵ Yet time was not the only possession that employees were asked to sacrifice. The employees' own personality was also a legitimate item of sacrifice, not just for the company's benefit, but also for God and country. "Only the craven are deaf to the voice that bids the valiant sacrifice personality to patriotism," wrote one employee magazine article entitled "Duty" as America entered World War I. "Employees," the article stated, "may serve his country as faithfully and valuably, by sticking to his post in the operation of some utility as by going on a battleship or fighting in the trenches."²⁴⁶

Indeed, during WWI, utility executives implied that the entire fate of the republic rested on clerks producing more emotional labor. The more "cheerfulness, energy and enthusiasm that we throw into the war work, the sooner the restoration of civilization will

²⁴³ Ellis W. Hawley, *The Great War and the Search for a Modern Order: A History of the American People and Their Institutions, 1917-1933* (New York: St. Martin's Press, 1979), 106; William E. Leuchtenburg, *The Perils of Prosperity, 1914-1932* (Chicago: University of Chicago Press, 1958), 130.

²⁴⁴ Frederick Winslow Taylor, *Principles of Scientific Management* (New York: Harper & Brothers, 1911), 36.

²⁴⁵ Paul Lüpke, "Expanded Loyalty," *National Electric Light Association, Thirty-fifth Convention*, vol. 1, Seattle, Washington, June 10-13, 1912 (New York: The James Kempster Printing Company, 1908), 179-80.

²⁴⁶ Charles Heston Peirson, "Duty," *Edison Current Topics* VI, no. 5 (May 1917): 99, Box 308, Folder 6, SCE Records.

be achieved,” trumpeted an employee magazine article in December, 1917. The article also argued that those not fighting on the front must still be “good soldiers and not slackers,” who “will be ready to respond quickly and cheerfully whenever the call comes.” It was not clear, perhaps purposely, whether the author meant the customers’ call or the call to fight. The article concluded by telling employees that “only when we have done all the things which conscience bids us to do, will we greet the New Year with the assurance of conscience that we are sincerely in the business of winning the war.”²⁴⁷ Employees could not hold on to their own emotions without experiencing inward dissonance, the article suggested. If this dissonance could be amplified through ideology, and if justifications, such as wartime necessity, could be erected within the employees’ own psyche to counteract any mental objections that might arise, then managerial surveillance could recede. The employees’ own mind and conscience would control them.

There is no doubt that utilities consciously sought to infuse this ideology into the minds of its workers. At the 1912 NELEA convention, one speaker noted that executives were “trying hard to find the right way to instill into the minds of their employees the conviction that their concern is the company’s concern.”²⁴⁸ At Bell’s 1922 Personnel Conference a manager noted that to make employees “loyal at all times” and “quick and glad to defend the company” the company needed “to produce this state of mind or morale.” E.K. Hall elaborated on this idea at the same conference by defining personnel work as morale work and morale as “essentially a state of mind.” At the following year’s conference, another executive explained that the Bell System wished “get every employee of the company in such attitude of mind that all of the contact with the public will be of such a character as to enable the company to get as nearly as possible 100 per cent [positive] public relations.”²⁴⁹

In addition to associating loyalty with patriotism, the corporate ideology deployed by utilities, contrasted with loyalty with disloyalty and then associated disloyalty with independence, a formerly positive value among Americans. Disloyal employees, called “knockers,” criticized their employers, while loyal ones cooperated. In one case, when a manager saw a knocker angrily slam the door on the way out of a boss’s office, the manager remarked disdainfully, “I think they call that being independent.”²⁵⁰ Such a declaration of independence reflected poorly on the knocker, since, in an economy dominated by large monopolies, independence had to give way to cooperation.

The increased attention to both cooperation and courtesy put a particular strain on male service workers, such as conductors and “counter men.” From an emotional perspective, being verbally abused by obnoxious customers was not easy for men or women. But socially, genuflecting to customers was easier for women since the gender roles of the period celebrated women as obsequious helpmates. As Kmolek-Folland has shown, women sometimes used this supposedly natural tendency toward subservience

²⁴⁷ “The Business of Winning the War,” *Edison Current Topics* 6, no. 12 (December 1917): 239, Box 308, Folder 6, SCE Records.

²⁴⁸ Paul Lüpke, “Expanded Loyalty,” *National Electric Light Association, Thirty-fifth Convention*, vol. 1, Seattle, Washington, June 10-13, 1912 (New York: The James Kempster Printing Company, 1908), 178.

²⁴⁹ Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 145.

²⁵⁰ Paul Lüpke, “Expanded Loyalty,” *National Electric Light Association, Thirty-fifth Convention*, vol. 1, Seattle, Washington, June 10-13, 1912 (New York: The James Kempster Printing Company, 1908), 180.

and hospitality to obtain corporate jobs for themselves, often as “administrative assistants.”²⁵¹ But for men, cheerfully serve rude customers without defending oneself, was not only emotionally difficult, but socially humiliating. It violated social conventions and indicated the male clerk was not free, at least not emotionally. In the nineteenth century, free men had been a function of free labor, but the emergence of large corporations weakened that connection.²⁵² A corporate position could bring with it social respect if one was a manager or executive.²⁵³ But for male customer-service clerks, if they were not quite wage slaves, they were definitely viewed as the customers’ servant. Executives realized that this was sufficiently emasculating to require a new ideology of masculine work.

To recast the demands of courteous capitalism in ways that satisfied male workers’ conceptions of gender, executives began defining the ideal man as a courteous gentlemen, rather than an independent worker. “Genuine courtesy is a characteristic of strong men,” an employee magazine informed its readers in 1915. When Oliver Cromwell and George Fox “stood face to face, one observes and feels a veritable exchange of manly courtesy,” the article added.²⁵⁴ Another article from 1917 argued that “dignified service is honorable and in no way degrades, unless the servant, himself, degrades it.”²⁵⁵

Some employee magazines even cited poetry in order to convey how a masculine it could be to provide courtesy in the service of monopoly capitalism. One poem that circulated widely in utility employee magazines, as well as other trade publications, was *The Big Men* by Walt Mason. “The big men dare, and the big men do; / they dream great dreams, which they make come true, / And the cheap men yelp at their carriage wheels, as the small dog barks at the big dog’s heels.” The poem went on to criticize “small men” who seek to tax the big men and the “four-eyed dreamers” with their “theories fine.”²⁵⁶

By publishing this poem in employee magazines, corporations implied that employees were big men themselves as long as they worked together with the executives, and not against it. This poem encapsulated the corporate ideology of utilities in the early twentieth century. A harmony of interest existed between capital and labor, including service labor. Only the small-minded, who were also characterized as small statured, could fail to recognize the big picture. Furthermore, to dissent from the big men was not only immoral, it also obstructed progress. Collective uplift could occur, but not through government taxation and intervention. Only the mostly unregulated, lightly taxed, and

²⁵¹ Angel Kmolek-Folland, *Engendering Business: Men and Women in the Corporate Office, 1870-1930* (Baltimore: The Johns Hopkins University Press, 1994), 188-189.

²⁵² Eric Foner, *Free Soil, Free Labor, Free Men: The Ideology of the Republican Party Before the Civil War* (1970)

²⁵³ Clark Davis, *Company Men: White Collar Life and Corporate Culture in Los Angeles, 1892-1941* (Baltimore: Johns Hopkins University Press, 2000), 227.

²⁵⁴ Edward H. Mulligan, “Courteous Service,” *Edison Current Topics* 4, no. 7 (July 1915): 128, Box 308, Folder 4, SCE Records.

²⁵⁵ “The Era of Better Understanding,” *Edison Current Topics* 6, no. 1 (January 1917): 119, Box 308, Folder 6, SCE Records.

²⁵⁶ “The Big Men,” *Edison Current Topics* 4, no. 2 (February 1915): 22, Box 308, Folder 4, SCE Records; the poem was also published in *The Gleaner* 5, no. 5 (February 1914): 516; *Lumber World Review* 35, no. 3 (August 10, 1918): 35; *Railroad Men* 27, no. 9 (June 1914): 244; *The Shop Review* 11, no. 3 (March 1914): 127; *The Technograph* 32, no. 2 (January 1918): 91.

newly masculine corporation could produce progress. This corporate ideology was heavily promoted among employees.

Employee magazines also cast employees as part of a titanic struggle between the defenders of private enterprise and their adversaries, the agitators for government ownership. One article from 1913 promised that “no employee who has been loyal, industrious and honest, and has made the best use of his talents in his employer’s service, can fail to be appreciated by him because, as is said in the Scripture, ‘A man that is diligent in business shall stand before kings.’”²⁵⁷

Christianity and the Spirit of Service

Quoting scripture to justify the demands of courteous capitalism was not an uncommon practice for utility executives. Indeed, if clerks could be convinced that a higher power beyond the corporate executive required polite behavior from employees, then surveillance might become unnecessary. To develop such self-monitoring employees, executives associated the demands of courteous capitalism with God’s will and used the Bible to justify the connection. It was “a sin” not to provide good customer service, the editor of a Southern Bell employee magazine claimed in 1921.²⁵⁸ Samuel Kennedy was fond of quoting Solomon, especially the proverb that “a soft answer turneth away wrath, but grievous words stir up anger.” Kennedy was not the only executive to cite the wisest man ever.²⁵⁹

Some executives frankly admitted their Christian heritage and intention to instill the Protestant work ethic into their employees. In 1914, in a speech to other executives about courtesy, the president of PG&E, John Britton, quoted a long passage he had memorized from Sunday school about duty, honor, reverence, temperance, chastity, and diligence in labor, and then declared that “corporation policy should consist in so training subordinates that they will learn, teach and apply the foregoing precepts.”²⁶⁰ When Henry Adams famously mused in 1900 that he could find “no more relation...between the steam and the electric current than between the Cross and the cathedral,” he was absolutely correct.²⁶¹ Christianity and electric utilities went hand in glove.

Even some lower-level employees used the Bible to justify the demands of courteous capitalism. In 1929, a chief operator quoted the Biblical passage of Martha serving Jesus. She then exhorted her fellow operators to “take heart and be assured, for the Great Executive has approved your course.”²⁶² Chief executives could not have said it better themselves.

²⁵⁷ H. N. Sessions, Commercial Engineer, “Company Thrift,” *Edison Current Topics* 2, no. 10, February 1913, 18, Box 308, Folder 2, SCE Records.

²⁵⁸ “Criticism—Good and Bad,” *Southern Telephone News*, March 1921, 1, AT&T-TX.

²⁵⁹ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” 25-27, Box 289, Folder 26, SCE Records; *The Pacific Electric Magazine*, August 10, 1916.

²⁶⁰ John A. Britton, “Policy of Public Service Corporations: Address Before San Francisco Section A. I. E. E.,” The American Institute of Electrical Engineering, Given Friday Feb. 27, 1914,” *Pacific Service Magazine*, April, 1914, 373-374.

²⁶¹ Henry Adams, *The Education of Henry Adams* (Oxford, UK: Oxford University Press, 1999), 318.

²⁶² Miss Margaret Lindley, “Training,” in *Fifth Annual Chief Operators Conference, Los Angeles, February 15th, 1929*, 39, Collection 3: Pacific Telesis Group, Record Group 5: Pacific Telephone & Telegraph,

The explicit use of Christianity in the workplace contrasted with the practices of some Gilded Age businessmen. Historians of the Gilded Age have shown that industrialists such as Andrew Carnegie conveniently separated their economic activity from their religious beliefs. Many wealthy businessmen of this period held strong Christian convictions, which justified their views about themselves, their workers, and government policy, but these businessmen seldom tried to impress their religious views on their workers. In the 1910s and 1920s, however, at least in the utilities industries, executives began actively disseminating Christian ideas among their employees and incorporating Christianity into their personnel activities. This increased institutionalization of Christianity may seem surprising since evangelical Christianity lost its resonance among many Americans at this time. Yet the emergence of Social Christianity, which took the place of evangelical Christianity among some Americans, helps explain this apparent contradiction. Social Christianity preached service to all humankind and this gospel of service perfectly matched the message that utility executives wanted to instill in their employees.²⁶³

In the social gospel, the “service corporation” found a valuable partner. “Remember the words and teachings of the Savior as our greatest example,” exhorted the editor of an employee magazine in 1915, “His was a life of service—‘Servant of ye all.’”²⁶⁴ The editor went on to declare that customers had a right to courteous service and that utility workers should “render unto Caesar the things that be Caesar’s.” To drive the point home, the editor expounded the verse, arguing that “Caesar” represented “consumers,” and “things” represented “courtesy.” The editor then quoted a recent sermon delivered by the president of Yale, Arthur Twining Hadley, given on October 4, 1917, the day that President Wilson had designated for prayer for the United States, then at war with Germany. Hadley chose as his topic, *The Obligation of Courtesy*. “To bring about peace on earth, men must develop the Christian virtues of fairness and courtesy,” stated Hadley. “Do we accept the Christian obligation of courtesy to all mankind,” asked Hadley, “or do we limit our obligation to the narrow circle of our own immediate friends?” This was precisely the question that the employee magazine editor who quoted the sermon wanted to know from employees in the more immediate context of the customer service office.²⁶⁵

Closely allied to both the religious and ideological justifications for courteous capitalism was the existence of something most commonly referred to as the “spirit of service,” though it also went by the “spirit of courtesy,” and the “spirit of cooperation.” The term was used so frequently among utility employees that the spirit of service was clearly much more than just a turn of phrase, though it was also used in that way.

Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences,” Box 10, AT&T-TX.

²⁶³ Matthew Josephson, *The Robber Barons: The Great American Capitalists, 1861-1901* (New York: Harcourt, Brace and Company, 1934), 319-320, 374; Elizabeth A. Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-1960* (Urbana, IL: University of Illinois Press, 1994), 219; Frederick Lewis Allen, *The Big Change: America Transforms Itself 1900-1950* (New York: Bantam Books, 1952), 229;

²⁶⁴ Edward H. Mulligan, “Courteous Service,” *Edison Current Topics* 4, no. 7 (July 1915): 127, Box 308, Folder 4, SCE Records.

²⁶⁵ Edward H. Mulligan, “Courteous Service,” *Edison Current Topics*, July 1915, 127-128, Box 308, Folder 4, SCE Records.

Depending on who was speaking, the spirit was something between a metaphysical presence and Durkheim's "social fact," which he defined as an idea or feeling that can only be felt as part of the group.²⁶⁶ Some executives likened the spirit to school spirit or an "*esprit de corps*," while others imagined it as an uncreated ethereal presence that provided hope and dispensed rewards.²⁶⁷

Whatever its exact nature, the spirit was real, according to both executives and employees. In 1922, a Southern Bell magazine editor testified that "the 'spirit of service,' ... is a thing we believe in strongly."²⁶⁸ In 1928, a Pacific Bell training manual declared that "'The Spirit of Service,' ... has a real existence."²⁶⁹ In his book *Winning the Public*, Samuel Kennedy wrote that "the spirit of cooperation" was an "intangible and yet a real force."²⁷⁰ Perhaps this was why the president of NELA called the book "the bible of the industry."²⁷¹

Like the Holy Spirit, the "spirit of service" could come upon anyone, even lowly clerks. William McAdoo hoped, perhaps prayed, that his employees would "catch the spirit," since once this happened, he observed, the spirit "animates them."²⁷² A Pacific Bell employee made a similar observation in 1928, noting that "the Spirit of Service... animates the men and women of the Bell System."²⁷³ Others noted that the spirit was a "potent force" that "inspires." The "spirit is responsive to human needs," noted one Bell editor, and "has prompted telephone men and women to respond to those needs."²⁷⁴ Once employees caught the spirit, they could express it to customers, who could then "feel" the spirit, or be "affected by it."²⁷⁵ According to one employee,

²⁶⁶ Emile Durkheim, "What is a Social Fact?," *The Rules of the Sociological Method*, ed. Steven Lukes, trans. W. D. Halls (New York: Free Press, 1982), 50-59.

²⁶⁷ "Round Table On Customer Ownership Problems," *Proceedings of the Forty-seventh Convention of the National Electric Light Association* (New York: National Electric Light Association, 1924) (hereafter *NELA Proceedings* (1924)), 219; Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 127; George A. Damon, Dean of Engineering, Throop Politechnic Institute, Pasadena, California, "Public Regulation," *Edison Current Topics*, December 1912, 3-7, Box 308, Folder 1, SCE Records, 6-7; *Addresses, Papers, and Interviews by Walter S. Gifford*, vol. 1, "Address by Mr. W.S. Gifford, President American Telephone and Telegraph Company, at Philadelphia, October 27, 1926," 180.

²⁶⁸ "The Land of Flowers," *Southern Telephone News*, February 1922, 1, AT&T-TX.

²⁶⁹ *Telephone People: Their Relationships and Activities: Reading Assignment: Employees' General Training Course*, The Pacific Telephone and Telegraph Company, 1928, 4-5, Box 6, Record Group No. 5: Pacific Telephone Co., Collection No. 3, AT&T-TX.

²⁷⁰ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 127.

²⁷¹ "Address of M. H. Aylesworth, executive manager, National Electric Light Association," *National Association of Railway and Utilities Commissioners, Proceedings of the Thirty-Third Annual Convention, Atlanta Georgia, October, 11-14, 1921* (New York: The State Law Reporting Company, 1921), 323.

²⁷² William G. McAdoo, "The Relations between Public Service Corporations and the Public," lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 18-19.

²⁷³ *Telephone People: Their Relationships and Activities: Reading Assignment: Employees' General Training Course*, The Pacific Telephone and Telegraph Company, 1928, 15, Box 6, Record Group No. 5: Pacific Telephone Co., Collection No. 3, AT&T-TX.

²⁷⁴ R.T. Barrett, "The Changing Years as Seen from the Switchboard," *Bell Telephone Quarterly*, October 1935, 289.

²⁷⁵ W.P. Banning, Information Department, AT&T, "Motion Pictures for Employees and the Public," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 6; Box 1; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX; R.T. Barrett, "The Changing Years as Seen from the Switchboard," *Bell Telephone Quarterly*, October 1935, 289.

“translating...the Bell ‘Spirit of Service’ so the public could know its existence,” was the main job of customer service clerks.²⁷⁶

The spirit could be fostered through motivational speeches, welfare capitalism techniques, and pay raises, and it was widely considered one of the chief tasks of executives to cultivate the spirit.²⁷⁷ “You leaders of this industry are the ones responsible for the spirit; it is on your shoulders alone,” one executive informed his peers, “the spirit must permeate the organization like a religion and the top boss must be the evangelist, the Billy Sunday.” Failure to carry out this task could lead to destruction of a company, executives warned.²⁷⁸

When success came, executives did not forget to thank the spirit. In AT&T’s *Annual Report* for 1923, president H.B. Thayer credited the “spirit of cooperation” for providing “an important part of the company’s success” in surviving the trials of World War I.²⁷⁹ In 1935, after decades of work for an AT&T affiliate, one operator recalled the intense “devotion” of her co-workers to service. “Under the most trying circumstances, it steadfastly stands,” she noted, “just why, I do not know. An elusive element—‘the Spirit of Service’—grips each one of us.”²⁸⁰ In the late-1920s, after nearly a decade of company prosperity, a Pacific Bell employee declared that “the Spirit of Service” was “largely responsible.”²⁸¹ The “spirit of service...makes it possible for the Company to carry on,” extolled one operator in 1923.²⁸² It was indeed a “wonderful spirit,” affirmed AT&T vice-president E.K. Hall in 1922, the executive responsible for employee morale.²⁸³

Although McAdoo and a few others had touched the spirit earlier, the spirit came upon most companies in 1922. In that year, utility workers from around the country began talking about the spirit in much greater frequency and detail. Executive speeches, business advice books, and employee magazines all began noting the “spirit of service.”

²⁷⁶ “The New Home of the Bell System,” *Southern Telephone News*, December 1922, 12, AT&T-TX; R.T. Barrett, “The Changing Years as Seen from the Switchboard,” *Bell Telephone Quarterly*, October 1935, 289.

²⁷⁷ E.K. Hall, Vice President, AT&T, “Summary of Conference and Objectives of Personnel and Public Relations Work for the Next Twelve Months,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 74; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX.

²⁷⁸ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1917* (New York: AT&T, 1918), 36; “Report of the Committee on Education,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 289; the Billy Sunday quote comes from AERA or AGA material.

²⁷⁹ *Annual Report of the Directors to the Stockholders for the Year Ending December 31, 1923, American Telephone & Telegraph Company* (New York, 1924), 40.

²⁸⁰ R.T. Barrett, “The Changing Years as Seen from the Switchboard,” *Bell Telephone Quarterly*, October 1935, 290-291.

²⁸¹ *Telephone People: Their Relationships and Activities: Reading Assignment: Employees’ General Training Course*, The Pacific Telephone and Telegraph Company, 1928, 15, Box 6, Record Group No. 5: Pacific Telephone Co., Collection No. 3, AT&T-TX.

²⁸² Sara A. Carr, General Traffic Staff, “The Personality Back of the Voice: A Little Talk to Operators,” *Southern Telephone News*, November 1923, 24, AT&T-TX.

²⁸³ E.K. Hall, Vice President, AT&T, “Summary of Conference and Objectives of Personnel and Public Relations Work for the Next Twelve Months,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 74; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX.

In 1922, the American Gas Association screened *The Spirit of Service* across the country and AT&T vice president E.K. Hall proclaimed: “the greatest *esprit de corps* in the history of the System, has been started.”²⁸⁴

After 1922, the spirit of service, continued to serve as a potent force in legitimating courteous capitalism. Executives and even many clerks agreed with Max Weber. There certainly was a Protestant work ethic as well as a spirit of capitalism, and in the 1920s, these provided a windbreak for monopoly capitalism to flourish. Together with Christianity and corporate ideology, the spirit of service encouraged workers to internalize the demands of customer courtesy and become self-monitoring.

Self-Conversion Compared to Acting

The idea that executives wanted clerks to internalize behavioral standards and become self-monitoring is no mere repetition of French critical theory; it was the explicit statement of executives. At a Bell Personnel Conference in 1922, a manager admitted the limits of “the eye of the management” and stressed the “self-supervision by [the] employee” as its necessary replacement.²⁸⁵ At the same conference, another Bell manager, Verne Ray, observed that “an employee, under close supervision, may be made to conform to proscribed mechanical processes...of courtesy,” but that was not “a genuine spirit of accommodation” and a “full measure of ungrudging and whole-hearted service.” To obtain that, Ray stated, the employee must be led to “self-convert” to the company’s way of being. Once “self-converted,” the employee would carry “the idea into his daily work as his own, with an enthusiasm which he would not have if the conclusion were forced on him.” Managers should not order an employee to convert, Ray instructed, since that would not obtain genuine conversion. Instead, employees should be “unobtrusively guided toward and allowed to reach a conclusion by their own thought.” Once employees absorbed the company’s doctrines, Ray promised, they would not only perform their jobs more enthusiastically, they would also “usually take an interest in propagating it further” by proselytizing their co-workers.²⁸⁶

The sources indicate that many utility employees experienced this self-conversion. In 1921, Bell operators in Holyoke, Massachusetts, held a service

²⁸⁴ J.W. Spalding, Manager, New England Telephone and Telegraph Company, “The Spirit of Service in Springfield,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 8, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX; “Report of the Committee on Education,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 289; 219; “The Land of Flowers,” *Southern Telephone News*, February 1922, 1, AT&T-TX; Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 127; “Here and There with the Section,” *American Gas Association Monthly*, March 1922, 157; E.K. Hall, Vice President, AT&T, “Summary of Conference and Objectives of Personnel and Public Relations Work for the Next Twelve Months,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 74; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX.

²⁸⁵ W.J. O’Connor, Assistant to President, Southwestern Bell Telephone Company, “The Why and How of Personnel Work in the Bell System,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 3, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

²⁸⁶ Verne Ray, Superintendent of Maintenance, Illinois Bell Telephone Company, “Public Relations Committees and the Pink Ticket Plan,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 4, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

improvement meeting behind their supervisor's back, in which they adopted the slogan "Nothing but Perfection" and determined to reach a perfect service rating. The operators only told their boss about the meeting after it had occurred and eventually earned the perfect service rating.²⁸⁷ Considering that, during World War I, New England operators had once been one of the most powerful unions in the country, this new kind of behind-the-back organizing must have represented a welcomed change to management.²⁸⁸ At several Bell offices in New England, operators decided to see how many times they could get customers to say "Thank you," though this had occurred somewhat at the instigation of the supervisor. At some Bell offices, employees used their own time to visit unhappy customers in order to convince them that the operators genuinely wanted to provide good service.²⁸⁹ Other employees stayed late or came in on their days off to escort the mayor or other local notables on tours of Bell facilities.²⁹⁰ One operator all but bowed down and worshipped the idea of providing courteous service. In a speech to her colleagues at a Bell chief operators conference in 1929, she mawkishly confessed: "I do believe, and I fervently desire to continue to believe, that sentiment is a very potent element in all of our activities and relations with our people!"²⁹¹ As these testimonies confirm, the spirit of service had come upon these employees.

Managers also noted the self-conversion of their employees. In 1922, AT&T vice-president E.K. Hall noted that, "under the influence of morale the individual comes to want to do the things which it is in the interest of the group that he should do."²⁹² In the same year, an Illinois Bell manager boasted that his clerks were "clamoring for inclusion" in a service improvement program, which they thought had been started by "minor employees" like themselves, though it had actually just been made to look that way by scheming managers.²⁹³

²⁸⁷ B.J. Bowen, General Superintendent of Traffic, New England Telephone and Telegraph Company, "Personal Service Committees," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 8, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

²⁸⁸ Stephen H. Norwood, *Labor's Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 129, 151, 169,

²⁸⁹ B.J. Bowen, General Superintendent of Traffic, New England Telephone and Telegraph Company, "Personal Service Committees," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 14, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

²⁹⁰ B.J. Bowen, General Superintendent of Traffic, New England Telephone and Telegraph Company, "Personal Service Committees," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 12, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

²⁹¹ Miss Margaret Lindley, "Training," in *Fifth Annual Chief Operators Conference, Los Angeles, February 15th, 1929*, 39, Collection 3: Pacific Telesis Group, Record Group 5: Pacific Telephone & Telegraph, Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences," Box 10, AT&T-TX.

²⁹² Summary of E. K. Hall's speech, "Review of the Previous Conference—Program of the Work to Date—Personnel Work in Other Industries—Importance of Morale," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 14, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

²⁹³ Verne Ray, Superintendent of Maintenance, Illinois Bell Telephone Company, "Public Relations Committees and the Pink Ticket Plan," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 7, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

It is difficult to square these accounts of eager participation in the work of emotional labor with the exceptional difficulties such labor entailed. How could workers have participated so thoroughly in their own domination while at the same time quitting their jobs with such frequency and occasionally striking against their employers? These reactions may not have been as opposite as they might appear. For a utility service worker, going along with managers' constant demands for courtesy was probably the path of least resistance, as long as the employee intended to stay on the job. When the work experience became too difficult, employees might quit or organize, but until then, performing emotional labor was probably easier than trying to resist the combined power of bosses and customers, which only led to reprimands from both.

Yet after World War I, the option of organizing for better working conditions became more difficult because executives had effectively broken the power of the unions, at least among operators where organizing had been most prominent. Operators' unions had once been one of the strongest women's unions outside of the sewing trades, but by the early 1920s, they had lost a significant amount of strength, partly because they were co-opted by company unions, often called employee representations committees. These company unions mostly expressed the will of management and their self-converted employees, as indicated by the fact that in the 1920s, these committees became a forum through which employees expressed their desire to perform more courteously.

Quitting was still possible, but the skills of streetcar, electricity, and telephone employees were not easily portable to other industries and employees could not easily find work at another company without moving long distances, since most utilities monopolized service in their respective industry within a large region, which often extended over multiple states, if not most of the country. Furthermore, many employees simply had to work to make ends meet. With the avenues of organizing and quitting foreclosed for many employees, and under immense pressure to conform, some, though not all, employees convinced themselves about the rightness, even the righteousness, of courteous capitalism and self-converted.

This self-conversion becomes even more comprehensible when one considers evidence from social psychology. Psychologists have found that individuals paid small amounts of money to make statements contrary to how they feel about a tedious task will later report agreeing with their own lies. This is explained by the fact that individuals try to resolve the cognitive dissonance created by expressing one thing but believing another. Since the paltry monetary reward given to individuals was not enough for them to justify their lying behavior, subjects convince themselves that they must have believed what they said and enjoyed the tedious tasks. As Samuel Kennedy observed to colleagues regarding clerks ordered to be courteous: "those men who go into it against their will, [but] who put into effect the rules and regulations you make, a little later become enthusiastic." Kennedy then enjoined managers to get the "Edison spirit" going.²⁹⁴

Social psychologists have also found that individuals told to assume facial expressions and body postures begin to feel how they are acting. Since the facial expressions and postures of low-paid customer service clerks were all under strict

²⁹⁴ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," 21-22, Box 289, Folder 26, SCE Records.

surveillance by managers, mystery shoppers, and customers, it is not surprising that some of these low-paid emotional laborers underwent self-conversion.²⁹⁵

These psychological explanations differ from earlier conformity theories, such as those of social psychologist Solomon Asch, because these more recent theories assert, not mere conformance to the crowd, but actual internal conversion. This internal conversion is even deeper than the “deep acting” as defined by sociologist Arlie Hochschild, which she contrasted to “surface acting.” In deep acting, individuals try to make themselves feel how they think they should feel, whereas in surface acting, individuals merely puts on an outward show without attempting to bring their inward emotions into conformity. In contrast to even those engaged in deep acting, however, self-converts do not try feel how they think they should feel. Employees who have self-converted actually do feel the way they behave, without the need for conscious internal mediation, which is required even in deep acting.²⁹⁶ The souls of self-converted clerks adopted their employer’s emotional repertoire and these clerks bounded their emotional experience to within the limits set by their employer. Antonio Gramsci’s observations fit remarkably well here: that especially under monopoly capitalism where there are apparently no alternatives, individuals participate in their own domination and adopt the ideology of their captors.²⁹⁷

Several industry observers noticed this strange behavior among customer service employees. “The thing about the utility industry that interests, almost fascinates me, is the tremendously personal service which it renders,” wrote the editor of the American Electric Railway Association’s newsletter, John Colton, to his friend, John Sheridan, who also worked as a utility publicity agent. Sheridan replied that utilities were drilling too many “yes-men” and that, if the utilities were not careful, there would be no one left who

²⁹⁵ J. Merrill Carlsmith, Barry E. Collins, and Robert L. Helmreich, “Studies in Forced Compliance I. The Effect of Pressure for Compliance on Attitude Change Produced by Face-to-Face Role Playing and Anonymous Essay Writing,” *Journal of Personality and Social Psychology* 4, no. 1 (1966): 1-13; James D. Laird, “The Real Role of Facial Response in Experience of Emotion: A Reply to Tourangeau and Ellsworth, and Others,” *Journal of Personality and Social Psychology* 47, no. 4 (October 1984): 909-917; Sandra E. Duclos, James D. Laird, Eric Schneider, Melissa Sexter, Lisa Stern, and Oliver Van Lighten, “Emotion-specific Effects of Facial Expressions and Postures on Emotional Experience,” *Journal of Personality and Social Psychology* 57, no. 1 (1989): 100-108; Carroll E. Izard, *Human Emotions* (New York: Plenum Press, 1977), 106-107. In the Carlsmith study, subjects carried out a long boring task and were then asked to introduce the task to the next test subject, actually an accomplice, and asked to tell the accomplice that the task was fun. The subject were then paid varying amounts for their participation and then surveyed about what they thought of the test. Those subjects paid larger amounts said the task was boring, but those paid smaller amounts actually reported that the task was fun. Carlsmith et al theorized that those paid large amounts could easily explain to themselves why they told the accomplice the task was fun—they did it for the money. Those not paid very much could not make such a rationalization of their own actions causing them to experience cognitive dissonance over their actions. To resolve this dissonance they convinced themselves that the task was actually fun, since why else would they tell someone that it was fun? Whether clerks, conductors, and operators could justify their emotional labor with their earnings, and therefore not experience cognitive dissonance, was probably not universal across all workers. Utility service positions offered some financial reward, but there were other office positions available at similar wages that required less emotional labor. Judging from the turnover rate, many employees took those jobs, or dropped out of the labor force.

²⁹⁶ Arlie Russell Hochschild, *The Managed Heart: Commercialization of Human Feeling* (Berkeley, University of California Press, 1983), 33, 35, 38-48.

²⁹⁷ Historian of emotions Christina Kotchemidova has made a similar observation in another cultural context, ref. “Why We Say ‘Cheese’: Producing the Smile in Snapshot Photography,” *Critical Studies in Media Communication* 22, no. 1 (March 2005): 3.

could think for themselves and utilities would have a hard time finding good executives.²⁹⁸

In the mid-1930s an executive assistant named Richard Smith also noted the strange behavior of utility clerks. In an article he wrote for the industry magazine *Electrical World* about changes in the utility industry over the last generation, Smith described how his Dad had owned a general store and had given honest advice and genuine friendly service to his customers. Smith then asked an important question: “In the interval between Dad’s day and mine what has happened to change the relation between a merchant and his customers?” Smith provided his own answer in a section entitled “Putting on a Front”: “I have a feeling that there is something artificial about all of us who have come into positions even of minor authority,” Smith stated. “It would be difficult for me to return to Dad’s store and pick up the work where he left it. It would be hard to be natural. I know that I have acquired traits and mannerisms which would be misunderstood. That is why a professional actor is out of place in a group of ordinary men and women; he has lived so long in an artificial environment, so much of his life has been devoted to pretense and make-believe, that he cannot be natural.”²⁹⁹ Whether utility employees were surface acting, deep acting, or self-converted, the interactions between Americans in market settings had changed dramatically since the days when the economy was dominated by mom and pop shops. In an attempt to “humanize” and “personalize” market interactions with enormous organizations, utility executives created a strange unnaturalness, which alienated workers from their own emotions and left customers both satisfied and amazed by the artificiality of clerks.³⁰⁰

Yet the goal of executives was not simply to create courteous employees, but to use these employees to manipulate customers. As one Bell manager explained to his colleagues in 1922, because the Bell System was a “natural monopoly” it “must lead the subscriber to voluntarily act as it is desirable to have him act, without feeling that he is coerced, and with minimum effect and expense on the part of the company.” In order to carry out this “human engineering,” as electricity executive Martin Insull called it, utility executives created the positions of “public relations engineer” and “commercial engineer.”³⁰¹

²⁹⁸ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 5, Filed with the Secretary of the Senate, July 16, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 5* (1928)), 77.

²⁹⁹ Richard E. Smith, Executive Assistant, *Father and Son: A Study in Public Relations* (Southern California Edison Company), 4, reprinted from *Electrical World*, April 11, 1936, Box 449, Folder 7, SCE Records.

³⁰⁰ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 35-36; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 77.

³⁰¹ W.J. Phillips, Division Commercial Superintendent, “The Employee’s Part in Public Relations,” *Pacific Telephone Magazine*, November 1914, 5, AT&T-TX; “The Work of the Commercial Department: Part I: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 4; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX; “Report of Committee on Commercial Service and Relations with Customers,” *Proceedings of the Forty-third Convention of the National Electric Light Association* Pasadena, Cal, May 18-22, 1920 (1920), 254.

Welfare Capitalism for Courteous Capitalism

Utility companies also used more down-to-earth methods to obtain courteous behavior from clerks. The most straightforward of these was welfare capitalism. Scholars have often seen welfare capitalism as an attempt to break unions and increase production, which it certainly was.³⁰² Yet at corporate utilities, welfare capitalism operated in the service of courteous capitalism.³⁰³ Personnel work served public relations work. As AT&T vice-president E.K. Hall declared at a personnel conference in 1922, “Public Relations is a double-header, accomplishing two purposes at once, building up the internal morale and building up good will outside.”³⁰⁴ The editor of Michigan Bell’s employee magazine justified the company’s employee clubs by noting that “their parties are rousing, cheering, fret-destroying. Therefore, they build for good service.”³⁰⁵ In a talk on the connection between personnel relations and public relations, an AT&T manager declared that “these two policies, while they can be given two separate names, are either linked together like the Siamese twins...they are different aspects of the same thing...I can’t think of anything considered good from a public relations point of view that hasn’t looked good from a personnel relations point of view, or vice versa.”³⁰⁶

To obtain the courteous service that resulted from welfare work, utilities in the 1910s and 1920s built comfortable break rooms and club houses to give employees who labored on the front lines a place to relax and recuperate before another shift at the counter, switchboard, or streetcar. These break rooms and clubhouses featured stuffed chairs and couches, magazines, books, pianos, record players, snacks, and air conditioning. Utilities also offered an array of entertainment, field trips, and self-improvement classes, all aimed at increasing courtesy toward customers. There were trips to amusement parks, sewing, dancing, singing, and exercise classes, bowling leagues.³⁰⁷ PG&E built health clubs for its workforce throughout its territories in order to get the “Edison spirit” going, as one executives stated.³⁰⁸ The Southern California Edison Company sponsored trips by a group of “Edison Masons.”³⁰⁹

³⁰² Stuart D. Brandes, *American Welfare Capitalism, 1880-1940*, (Chicago: The University of Chicago Press, 1976), 8; Sanford M. Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton, N.J.: Princeton University Press, 1997), 15-18.

³⁰³ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 446, 448-449.

³⁰⁴ Summary of E. K. Hall’s speech, “Review of the Previous Conference—Program of the Work to Date—Personnel Work in Other Industries—Importance of Morale,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 15, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

³⁰⁵ “Association Parties,” *The Mouthpiece*, (Detroit, MI), March, 1924, ii. AT&T-TX.

³⁰⁶ R.F. Estabrook, Traffic Results Engineer, AT&T, “Carrying Out the Public Relations and Personnel Relations Policies in Traffic Work,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 9, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

³⁰⁷ Ralph L. Mahon, “The Telephone in Chicago, 1877-1940,” typescript, 77, AT&T-TX; R.F. Estabrook, Traffic Results Engineer, AT&T, “Carrying Out the Public Relations and Personnel Relations Policies in Traffic Work,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 26, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX;

³⁰⁸ “Pacific Service Club Courts Are Dedicated: John A. Britton Serves First Ball Over Net at New Quarters on Post Street,” *San Francisco Chronicle*, November 27, 1914.

³⁰⁹ Box 83, Folder 9: “Masonic Club Records,” SCE Records.

Employee stock ownership also functioned in the service of courteous capitalism. “Our experience is in line with that of the majority of other companies,” noted the vice-president of the San Joaquin Light and Power Company regarding employee-owners, each employee-owner “seeks to make friends for the company, and he becomes an earnest promoter of good will.”³¹⁰ Additional benefits, such as accident, sickness, and life insurance, as well as paid vacation and pensions, had all been offered in order to improve customer service. According to Theodore Vail in AT&T’s 1916 *Annual Report*, the strategy worked. Vail noted that the life, sickness, and accident insurance, as well as pension and employee stock ownership plans that Bell had offered in the last three years had had “the beneficial effects then hoped for,” and that employees were now performing their jobs “cheerfully” and responsibly.³¹¹

Richard Gillespie has interpreted these same employee benefits as an attempt to increase production at AT&T’s Western Electric manufacturing plants. This is true, but perhaps more importantly to AT&T executives, the benefits might also improve customer service and thwart government ownership. Vail noted this government-ownership context in AT&T’s 1916 *Annual Report* when stated that there had recently been “movements to nationalize or municipalize the telephone service” and then reminded shareholders that “the attitude of the public is determined by the quality of the service and by the attitude of those giving the service and coming in direct contact with the public.”³¹² So while Bell’s manufacturing company, Western Electric, used welfare benefits to reduce labor agitation and increase production, Bell’s operating companies used those same welfare benefits to extract more courtesy from clerks; in short, to manufacture courtesy. Welfare benefits served as an input in the production of human emotion. Bell’s manufacturing company used welfare capitalism to solve internal labor problems while Bell’s service companies used welfare capitalism to solve external political problems.

This finding somewhat confirms Andrea Tone’s argument that welfare capitalism was intended to improve public opinion regarding big business, yet the method for this influence on the public was more direct than Tone imagined. According to Tone, executives believed they could sway public opinion simply by publicizing the fact that big business offered benefits to employees.³¹³ Utility executives occasionally hinted at this effect, but they more commonly argued that employee benefits would directly improve public opinion by improving employee morale.³¹⁴ For utility executives, welfare capitalism played the important role in conditioning workers to accept the demands of courteous capitalism.

³¹⁰ A. Emory Wishon, “Now and Tomorrow with Customer Ownership,” in “Popular Ownership of Property: Its Newer Forms and Social Consequences,” ed. William L. Ransom and Parker Thomas Moon, special issue, *Proceedings of the Academy of Political Science in the City of New York* 11, no. 3 (April, 1925): 414.

³¹¹ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1916* (New York: AT&T, 1917), 20-21.

³¹² *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1916* (New York: AT&T, 1917), 49, 57.

³¹³ Andrea Tone, *The Business of Benevolence: Industrial Paternalism in Progressive America* (Ithaca, NY: Cornell University Press, 1997), 8.

³¹⁴ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1916* (New York: AT&T, 1917), 20-21.

Customers Cannot Be Rushed

The utility executives who implemented courteous capitalism also understood other early-twentieth century management strategies such as system and efficiency. Yet utility executives also realized that the customer service line was not the assembly line. Customers could not be rushed and treated curtly, even if that improved through-put. “Zeal for departmental efficiency should never be permitted to act in the slightest degree to the disadvantage of the composite service rendered to our customers,” taught a Pacific Telephone company training manual in 1927.³¹⁵ “No established routine, or lack of time, prevents explanation of...the extent necessary to give satisfaction,” stated the company’s employee magazine in 1920.³¹⁶ A few years earlier, the magazine quoted Ralph Waldo Emerson: “Life is not so short but that there is always enough time for courtesy.”³¹⁷ In 1921, Samuel Insull advised his employees to chat up customers about the weather.³¹⁸ Business historians have shown how efficiency represented one of the most important management theories of the early-twentieth century, yet the existence of courteous capitalism shows that executives made exceptions to this drive for efficiency when it came to producing satisfied customers.³¹⁹

One reason courteous interactions were less efficient was that they required individualizing each customer. Customers wanted to be treated like individuals, they wanted to feel important, and utility executives obliged in the interest of public opinion. So whereas Susan Strasser has argued that customers became mere consumers in the Progressive Era, courteous capitalism again reveals an important and telling exception. Utilities sought to put the *custom* back into *customer service*, and to do so on a massive scale.³²⁰ To do this, utilities tried to offer personalized, rather than depersonalized, customer service. “The duty of the counter clerk is to put herself in the place of the subscriber and to render personal service, not mere company service,” noted a Michigan Bell employee magazine in gendered terms, “this will give him [the customer] more confidence in us and our company and in that way we will do more toward winning the public.”³²¹ The Public Service Company of Northern Illinois reflected on the year 1929 and noted that “every effort was made to handle customer contacts as personal transactions.”³²² In 1935 in a retrospective article on changes in customer service, a Bell

³¹⁵ “Public Relations and Publicity: A Reading Assignment,” 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 12, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

³¹⁶ “The Counter,” *Pacific Telephone Magazine*, February 1920, 3, AT&T-TX.

³¹⁷ *Pacific Telephone Magazine*, February 1908, 7, AT&T-TX.

³¹⁸ “Address of Mr. Insull Before the First Annual Meeting of the Co-Operative Council of the Public Service Company of Northern Illinois, Chicago, December 7, 1921,” 19-20, Folder 20-8, Insull Papers.

³¹⁹ Daniel Nelson, *Managers and Workers: Origins of the New Factory Systems in the US, 1880-1920*, 2nd ed. (Madison: The University of Wisconsin Press, 1995); Jennifer K. Alexander, *The Mantra of Efficiency: From Waterwheel to Social Control* (Baltimore, MD: The Johns Hopkins University Press, 2008); Sharon Hartman Strom, *Beyond the Typewriter: Gender, Class, and the Origins of Modern American Office, Work, 1900-1930* (Urbana, IL: University of Illinois Press, 1992).

³²⁰ Susan Strasser, “Customer to Consumer: The New Consumption in the Progressive Era,” *OAH Magazine of History* 13, no. 3 (Spring 1999), 10-14.

³²¹ Pearl Heyser, Battle Creek Commercial Association, “Associations and Public Relations,” *The Mouthpiece* 5, no. 4 (Detroit, MI) April, 1924, 12, AT&T-TX.

³²² “Public Relations and Service,” *Public Service Company of Northern Illinois Year Book 1929*, 25, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

manager summarized that “the maintaining of good public relations means the making of satisfactory human contacts and this, in turn, means the personalization of the service.”³²³ Every employee, including operators, counter clerks, pay station attendants, repairmen, tree trimmers, and truck drivers, had to “be ready at all times to do his or her part in providing for the customer, as an individual.”³²⁴

All Service Employees Matter

As the importance of customer courtesy became clearer, executives began see just how many employees interacted with customers. The number and role of employees who were considered important to the formation of public opinion extended well beyond the customer service clerks who worked at local utility offices. Not only clerks, but also cashiers, conductors, platform men, ticket agents, even meter-readers, repair men, and tree-trimmers. Any employee who came into contact with the public, executives viewed as having an important impact on customer opinion. A Bell System supervisor responsible for infrastructure maintenance observed in 1916 that his department was “not supposed to have any direct dealings with the public,” but that, in fact, “the plant men come in close personal contact with a great many thousand telephone customers each day under conditions that are often trying, and where the personal attitude of the employees in handling this important feature of the work, can go a long way toward molding popular opinion.” To improve public opinion, the supervisor warned that tree trimmers should not mangle a customer’s property and that telephone-pole installers should not place poles in front of customers’ driveways.³²⁵ Thoughtlessly placed poles had led to significant lawsuits for the Bell System in the past.³²⁶

The importance of these low-level workers could not be underestimated. In 1921, Samuel Insull told his employees that, “the opinion of the public with relation to a utility such as ourselves, is molded, not by the people who direct the undertaking, but by the people who are typified by the girl, say, who sits behind the cashier’s desk, and who may have a grouch on in the morning because she had a row with her best fellow the night before.”³²⁷

The stenographer recording the speech noted laughter from the audience after this last comment, but Insull’s speech contained more than just humor. By acknowledging that the company’s success depended in large part on clerks, Insull was also admitting that the success of the firm did not entirely depend on his own ability. In doing so, Insull was expressing a new managerial mindset that executives in Gilded Age would have found troubling. In the Gilded Age, as shown in the writings of William Graham Sumner

³²³ R.T. Barrett, “The Changing Years as Seen from the Switchboard,” *Bell Telephone Quarterly*, October 1935, 278.

³²⁴ R.T. Barrett, “The Changing Years as Seen from the Switchboard,” *Bell Telephone Quarterly*, October 1935, 278.

³²⁵ “Public Relations and Publicity: A Reading Assignment,” 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 11, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

³²⁶ Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 33-34.

³²⁷ “Address of Mr. Insull Before the First Annual Meeting of the Co-Operative Council of the Public Service Company of Northern Illinois, Chicago, December 7, 1921,” 19[?], Folder 20-8, Insull Papers.

and Andrew Carnegie, executives believed that their dominance in the market was the result of their own innate superiority. In this Social Darwinist view, corporate officers were manifestly superior to their employees and competitors, since they had successfully triumphed over them in the treacherous terrain of the market.³²⁸ During the Progressive Era this self-conception shifted as executives began to realize the importance of their clerks. Company presidents began to view their contributions as at least as important as their own. “Good relations with the public,” stated a utility firm’s policy manual, “cannot be gained or maintained without the cooperation of all employees, for it is by their attitude and knowledge that the company is judged.”³²⁹

Executives made these statements, not only in front of their employees, but also when talking among themselves. In 1911, Samuel Insull told a group of managers at the Byllesby Company that, in terms of “influencing public opinion...those of us who direct the policy of large enterprises can do but little unless we have the assistance of the men who are operating the plants and coming in contact with the public from day to day.”³³⁰ Theodore Vail reported to investors in AT&T’s 1917 *Annual Report* that “there is no utility so dependent upon the service rendered by the employees as is this...anything which seems to be indifference or inattention on the part of the employees more than irritates.”³³¹

“Friends”

In a sense, what executives were doing in the Progressive Era and 1920s was trying to make friends with customers. Industrialists in the Gilded Age also tried to make friends, but their friends were financial and political elites, not average customers. As Richard White has observed in his study of Gilded Age railroad tycoons, these businessmen often referred to certain individuals as their “friends,” either in direct correspondence with them, or in indirect discussion about them when writing to close business associates. These “political friends,” as White called them, were usually politicians, financiers, or political power brokers, whose influence had been brought into line with the railroads, often in exchange for campaign donations, securities discounts, construction contracts, free passes, or other considerations.³³² Political friends also existed at the municipal level between utility executives and city council members, but when these friendships were glaringly exposed by Lincoln Steffens and other muckrakers, utility executives found themselves in want of new friends. Utility executives now sought regular, everyday customers as friends, rather than political big-

³²⁸ William Graham Sumner, *What Social Classes Owe to Each Other* (New York: Cosimo Classics, 2007 [1883]); Andrew Carnegie, *The Gospel of Wealth* (Cambridge, MA: Harvard University Press, 1962 [1889])

³²⁹ *Manual of Organization and Policies: Middle West Utilities Company, 1927*, 19, Folder 54-2, Insull Papers.

³³⁰ Samuel Insull, “Satisfy You Customers,” speech Given at the banquet of H. M. Byllesby & Company and affiliated companies in Chicago on January 20, 1911, in *Central-station Electric Service: Its Commercial Development and Economic Significance as Set Forth in the Public Addresses (1897-1914) of Samuel Insull* (Chicago: Privately printed, 1915), 179.

³³¹ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1917* (New York: AT&T, 1918), 15.

³³² Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton & Company, 2011), chapter three.

wigs. In the Progressive Era and 1920s, having friends still mattered, but who they were, how many one needed, and how they were made had changed drastically.

Although executives now sought a new group of friends, the purpose of having them was still political. Seeking customer-friends was a political response to Progressive Era and early-1920s reform agitation. This was clearly expressed in 1913 when the featured article in a Southern California Edison employee magazine observed that, “in this day of universal unrest there seems to be slowly but surely developing a strong prejudice against the larger business concerns, and more especially toward those that are classed as ‘public utilities.’” The solution, the article maintained, was for every employee to “develop a spirit of friendship that will counteract this prejudice and bring with it an absolute confidence in the honesty and integrity of our motives.” The article concluded by noting that “the standing and reputation of the company depends mainly upon the employee and he who has learned and appreciates the full significance of pleasing the public, and thereby developing friends.” The editors of *Public Service Management* dispensed with all subtlety when they published “Using Your Friend,” which explained the motivation for making friends. “Most public utilities have a few friends at least,” the May 1921 editorial admitted. “The friend is anxious to defend the company under unjust attack but he has no information with which to refute the false statements of the demagogue.” The solution, the magazine suggested, was for managers to buy their friends a subscription to *Public Service Magazine*, a similar publication to the one for managers, but designed especially for friends. The editors promised that copies “placed in the hands of your friends every month will prove a great power for good, because it will give these same friends a supply of ammunition to be used against the enemy...By winning his neighbors he will be helping you.”³³³

Executives now wanted to make friends with customers, or rather, they wanted their clerks and managers to do this for them. The best method to do this, executives suggested, was to give customers courteous service. A Pacific Gas & Electric employee magazine article in 1910 informed employees that “telephone-talk is often the means of making or losing a friend for a large concern that has thousands of customers to serve.”³³⁴ It then presented a list of instructions for how to communicate properly with customers over the phone. An executive at the 1920 NELA convention stated that “if a utility renders first class personal service to its customers, they become and remain its friends, and as friends will make allowances for the shortcomings of its ‘physical’ service.”³³⁵ In 1922, the New England Telephone and Telegraph Company issued the article, “Friendly Service,” in its employee bulletin. “Everybody has Friends,” the article observed, “our friends are our friends because first they know us, and second they like us. We know they are friends because they always speak well of us.”³³⁶ Executives still spoke the language

³³³ *Public Service Management* 30, no. 5 (May 1921), iii.

³³⁴ “To Improve the Telephone’s Usefulness,” *Pacific Gas and Electric Magazine* 1, no. 11 (April 1910): 474.

³³⁵ W. H. Hamilton, discussion about S. M. Kennedy’s pamphlet “Service,” Second General Session, May 20, 1920, *NELA Proceedings* (1920), 57.

³³⁶ B.J. Bowen, General Superintendent of Traffic, New England Telephone and Telegraph Company, “Personal Service Committees,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 4, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

of friends in the Progressive Era and 1920s, but whom they were referring to and how they made them had changed.

Loyal Complainers

By US entry into World War I, customers began internalizing the role of friends which utility executives had created for them, especially in the aspect of serving as loyal complainers. Ever since McAdoo invited passengers to complain, customers had been told that complaining was not annoying, but rather a service to the company. AT&T vice-president Edward Hall instructed his employees, “don’t bristle at the man who makes a complaint, but make him feel that he is doing you a favor.”³³⁷ Customers were, in fact, doing the company a favor. By pointing out the error of a company’s ways, management could fix the problem and provide better service to the customer; and serving customers was what utilities were all about, according to the message of executives.

To make complaining as easy as possible on customers, utility managers ensured that clerks received complaints with the seriousness and concern they deserved. Rather than being scoffed at, displeased customers were thanked for sharing their woeful tales of poor customer-service. A Stone & Webster vice-president, Henry Bradlee, noted the change in attitude toward unhappy customers in 1921 when he recalled that in the late-nineteenth century, when customers complained at his Tampa streetcar, employees just thought, “Oh well don’t pay any attention to that. He’s always kicking against the company.” Bradlee mused that he “didn’t know anything about public relations; in fact, public relations wasn’t a subject that was discussed at that time by anybody.”³³⁸ In 1906, the employee magazine for the Pacific Electric streetcar blamed passengers for their dissatisfaction and referred to them as “impatient people, ignorant people, stupid and obstinate people... cross people, drunken people, unreasonable people.” Ten years later, however, the company declared that passengers deserved “gentlemanly and courteous attention.”³³⁹ In the late-1920s, AT&T president Walter Gifford recalled that before around 1910, if customers came in to complain, employees said to themselves, “For Heaven’s sake, don’t come in here and bother us!”³⁴⁰

Things began to change rapidly around the second decade of the twentieth century, however. In 1910, the Pacific Telephone & Telegraph Company published an article in its employee magazine entitled, “Let the Kicker Have His Say,” which instructed clerks to “put it down as Rule I that every subscriber has a right to his say,” and to “take this as Rule II: Every complaint is presumed to be a just one until its injustice is disproved.”³⁴¹ A few months later, the same magazine described the emotional abuse that customer-service clerks endured as a result of these rules: “Every week day the counter-men of the San Francisco Gas and Electric Company stand

³³⁷ Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 245.

³³⁸ Henry H. Bradlee, Vice-president, Stone & Webster, Inc., in “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-president Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 48.

³³⁹ W. H. Dempster, “An Opportunity for Cooperation” *Pacific Electric Magazine*, July 10, 1916.

³⁴⁰ As quoted by Robert MacDougall in *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 245.

³⁴¹ “Let the Kicker Have His Say,” *Pacific Telephone Magazine*, February 1908, 4, AT&T-TX.

patiently and take the public's kicks."³⁴² Courteous capitalism was beginning to effect both clerks and customers.

Power Relations

The advent of courteous capitalism was more than a transition from “buyer beware” to “the customer is always right.” The new culture of corporate courtesy dramatically shifted the power relations between customers and clerks during market interactions. In the late-nineteenth century, clerks at large corporations dished out rude treatment to customers without fear of managerial reprimand. And sole proprietors had always had the freedom to choose between enduring rude customers or defending their dignity. But the rise of courteous capitalism put clerks at the mercy of customers. Clerks now had to genuflect to customers or suffer the consequences, which could include a reprimand or being fired.

Some customers appear to have delighted in their new-found power over service employees. Contemporary accounts show that customers strutted around offices and stores, or disparaged operators over the phone, and assumed a haughty and arrogant attitude with clerks. By the 1920s, this was an acceptable, even admirable, form of behavior, according to many consumers. Some customers seem to have intentionally tried to provoke clerks, almost daring them to take exception to the customers' arrogant attitude. Utility customers made rude comments and behaved arrogantly toward clerks and similar behavior took place in other areas of American business. One article in *System* magazine described how a woman at a drug store dragged a stool from the lunch counter at the front of the store to the telephone at the back of the store, which was offered free to customers. The woman and then proceeded to make a long-distance call even though she had not bought anything at that store that day. Yet she believed herself to be perfectly within her rights as a consumer, and when the clerk at the lunch counter said something under his breath it, the customer immediately took offense and took her business across the street, after finishing her call.³⁴³ Although this took place at a drug store, it is easy to imagine similar conduct occurring at electricity offices, which also offered free phones. And since unhappy utilities customers might advocate municipal ownership, utilities had to grovel as much as possible before customers.

In 1922, *System* magazine, recorded another customer-clerk interaction, in which, the author of the article had been driving with her husband to go hiking, but decided on a whim to stop at a furniture store on their way out of town. The couple was wearing what they described as their “tramping clothing” on account of the upcoming hike, and when they entered the store they noticed how the sales clerk “swept our attire appraisingly” and was then reluctant to show the couple the more expensive items in the store. The husband took exception to this treatment and told the clerk off, saying, “before you try to sell anything again, young man, get this one fact well in mind. Don't judge your customers by their clothes.”³⁴⁴ Utility executives approved of, and even invited, such abrupt behavior

³⁴² “Nine Counter-men Had to Run,” *Pacific Gas and Electric Magazine*, April 1910.

³⁴³ Elsa S. Conners, “Why I Don't Buy There,” *System: The Magazine of Business*, November, 1922, 550.

³⁴⁴ Elsa S. Conners, “Why I Don't Buy There,” *System: The Magazine of Business*, November, 1922, 550.

toward clerks. One Boston Edison newspaper advertisement from the 1920s encouraged customers to “talk back to us.”³⁴⁵

Within the roles defined by courteous capitalism, the consumer was the honored guest, the clerk the obsequious servant. These roles existed at the customer service counter and appliance sales rooms at utilities. Anyone who adopted the role of consumer was entitled to feel like a king, and the burden of maintaining that feeling fell to clerks. The consumer was entitled to tastes, desires, moods and might accept or reject a product without deigning to give a explanation. Clerks might be treated civilly or demeaned, but in either case, they were expected to take it all without exhibiting displeasure.

Occasionally, however, clerks ruined this role playing by failing to stay in character. In some cases, this occurred when clerks realized they were not going to make a sale and figured there was no point in treating the customer nicely anymore since there was no longer any possibility of earning a commission. When this happened, customers ascribed the problem to a deficiency in the character of the offending clerk. In the customer’s critique, the clerk should have continued to remain solicitous, since doing so came with the possibility of making a sale, and perhaps loyal customer, in the future. Clerks who were just out to make a quick buck lacked the long-term outlook that resulted in eventual success. As one consultant advised, sales clerks should focus on “making a customer” not “making a sale.”³⁴⁶

While the consumer culture of the 1920s increasingly permitted consumers to indulge in immediate gratification, it did so while insisting that clerks maintain their self control and exercise delayed gratification, which were two of the most important character traits as defined by nineteenth-century Victorians.³⁴⁷ By playing the role of the reproving customer, ever ready to correct a clerk’s moral failings, customers allowed themselves to indulge in immediate gratification even while hanging on to some of their Victorian sensibilities. By pretending to accept the reproofs of customers, clerks negotiated a way for customers to spend money.

³⁴⁵ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 525.

³⁴⁶ Susan Porter Benson, *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Champaign: University of Illinois Press, 1988), 95.

³⁴⁷ Stanley Coben, “Victorian Character,” in *Rebellion Against Victorianism: The Impetus for Cultural Change in 1920s America* (New York: Oxford University Press, 1991), 3-35.



A clerk endures helping two customers as they inspect an electric coffee percolator at the Southern California Edison commercial office in Santa Monica, June 1916.³⁴⁸

Retail and service offices in the Progressive Era and 1920s were therefore a central playing field in the tug-of-war between the Victorian character of the nineteenth century and the consumer culture of the early twentieth century. Nineteenth century Victorians appraised individual character by the internal qualities of diligence, honesty, and most of all, self-control. Material possessions within Victorian culture were thought to be outward manifestations of these inner qualities. Through hard work, thrift, and delayed gratification.³⁴⁹ Consumer culture, in contrast, defined individuals by their external qualities, such as the quantity of one's material possessions—by what people bought, not who they were. Historians have argued that the 1920s played a pivotal role in the shift to consumer culture. But how did the nineteenth century Victorian character trait of delayed gratification give way to the consumerist values of immediate gratification? How did the producerist ethos of defining oneself by one's occupation shift to the consumerist method of defining one's self by one's possessions? Historian Lendol Calder has associated these transitions with the emergence of consumer credit, while David Potter has blamed advertising. Daniel Rodgers has located these shifts on the shop floor. Courteous capitalism reveals that these transformations were also worked out on the sales

³⁴⁸ Santa Monica office of the Southern California Edison Company, June 17, 1916, G. Haven Bishop photographer, call number 02-03681, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/15368/rec/4>

³⁴⁹ Stanley Coben, "Victorian Character," in *Rebellion Against Victorianism: The Impetus for Cultural Change in 1920s America* (New York: Oxford University Press, 1991), 3-35.

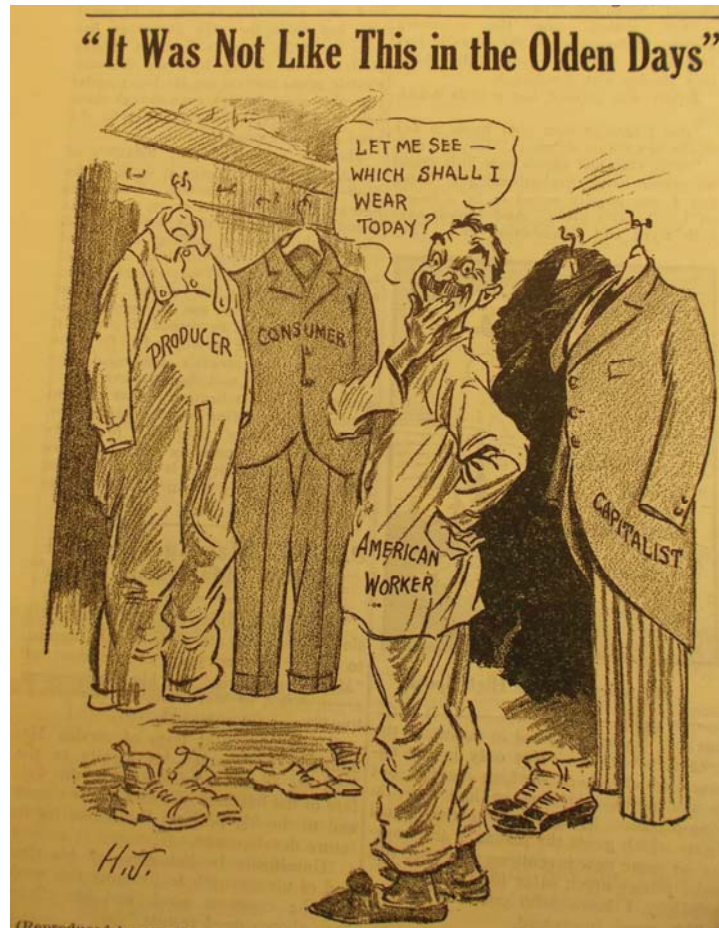
floor, in the millions of daily interactions that took place between customers and clerks.³⁵⁰

As customers began expecting courteous treatment, they began developing a consumer class consciousness. In this new class system, which became increasingly common in the United States in the 1920s, clerks were the mere retainers of consumers who thought of themselves as holding power over clerks by virtue of the consumers' power to spend money. But what was unique about the consumer class was that, unlike a racial or aristocratic class, clerks could quickly jump out of their roles and transform themselves into shoppers within minutes by punching the clock and stuffing a fist full of dollars from their pay envelope into their pockets. As long as one had money, one could play the role of shopper and exercise the power that came with it. This power of the purse partly explains the durability of mass consumption and its associated code of courteous capitalism. It did not matter what consumers wore, they could still demand the full indulgence of clerks, and managers required clerks to provide it. Wealthy patrons might wear "tramping clothes" while shopping yet still insist on excellent service. In doing so, however, these wealthy patrons ultimately empowered clerks when they went shopping in less-than-perfect clothing after work. *System* magazine reported in 1914, that providing the "the right kind of service" depended on clerks imagining themselves in the customers "own shoes."³⁵¹ As the *Saturday Evening Post* suggested in a cartoon, which PG&E reprinted, workers could easily take on the role of the consumer, or even the capitalist.³⁵²

³⁵⁰ David Morris Potter, *People of Plenty: Economic Abundance and the American Character* (Chicago: University of Chicago Press, 1954), 176-177; Lendol G. Calder, *Financing the American Dream: A Cultural History of Credit* (Princeton, N.J.: Princeton University Press, 1999), 8; Daniel T. Rodgers, *The Work Ethic in Industrial America, 1850-1920* (Chicago: University of Chicago Press, 1978), 5.

³⁵¹ Andrew P. Russell, "Keeping Tabs on Rising Costs," *System: The Magazine of Business*, December 1914, 622.

³⁵² *P.G. and E. Progress*, January 1928, cartoon reprinted from a 1927 *Saturday Evening Post*, Box 440, Folder 8, SCE Records.



The *Saturday Evening Post* recognized how workers could easily change roles as illustrated in this cartoon published in 1927.³⁵³

In fact, workers did not even have to change clothes to take on the role of the consumer. During the Progressive Era, retailers and customer-service offices moved to the forefront of non-discrimination, not with respect to race, but with respect to class and the equality of the “almighty dollar.” “A dollar is a dollar,” one business columnist instructed his readers in 1914, before telling them not abandon a “humbler patron” in order to rush out to serve a customer who just pulled up in a “motor-car.” “First come, first served,” insisted another business writer who also owned a restaurant chain. In one case, two men sat down at a lunch counter, a poorly dressed carpenter followed by a man wearing a tailored suit. The waiter tried to help the wealthy man first but the patron rejected the offer, saying, “the other gentleman was first.” After the carpenter had left, the nicely dressed man called the waiter over and told him he was the owner of the chain and that “the rule in all our establishments is ‘first come, first served.’” “Clothes do not make the man; neither do they pay our expenses. All we ask is that our patrons pay for what they eat. Their personal appearance is no concern of this establishment.”³⁵⁴ At the same

³⁵³ *P.G. and E. Progress*, January 1928, cartoon reprinted from a 1927 *Saturday Evening Post*, Box 440, Folder 8, SCE Records.

³⁵⁴ Donald Kahn, “Service First,” *System: The Magazine of Business*, July, 1914, 170.

time that employee dress became more scrutinized by firms, customer dress started to matter less.

Customers quickly came to expect non-discrimination at the places they did business. One customer praised the doorman at a bank in Boston because “it makes no difference to him whether my clothes are ready-made and old or the latest creation of a master, whether I am about to deposit millions or seek a small loan—I am a visitor and a customer, and am therefore entitled to instant recognition and courtesy.”³⁵⁵ Before black Americans broke down the consumption restrictions based on race, white Americans broke down the consumer restrictions based on class.³⁵⁶ As more and more Americans came into utility offices to obtain service, utility clerks began to treat them with uniformly courteous service, as long as they were white.³⁵⁷

Did Courteous Capitalism Work?

One question that may be asked about all this is: Did courteous capitalism work? There is evidence to suggest that it did. One of the most successful practitioners of the strategy was Samuel Kahn, the executive vice-president of the Market Street Railway in San Francisco. Kahn became the line’s vice-president in 1925, when the company was purchased by the Chicago-based Byllesby Company, and in 1927, Kahn became the president. At the time Byllesby purchased the Market Street Railway, the line had a major public relations problem. It had formerly been owned by the United Railway Company, whose poor service had reduced ridership and earned it constant denunciations in the press. Between 1905 and 1913, the United Railway Company was operated by Patrick Calhoun, a protégé of J.P. Morgan. During this period, Calhoun was indicted with the San Francisco political boss, Abe Ruef, in the Overhead Graft Scandal. Calhoun was cleared thanks to a hung jury and continued to operate the railway until he retired in 1913. In that year, San Francisco voters approved extending the city’s publicly-owned streetcar system into the service territory of the United Railway Company. Then several strikes by employees of the Market Street Railway occurred, further weakening the company. By 1917, investors demanded refinancing the company’s debt, and a bondhouse that analyzed the company, noted that part of its problem was “Adverse Public Opinion,” defined as a “general dissatisfaction with the financial operations of the Company and the services rendered to the traveling public.” In 1924, when Byllesby Company purchased the line and changed its name to the Market Street Railway, the line had just five years left on its original fifty year franchise. Kahn had to turn around public opinion before the referendum, and fast, or the company would lose its license.

To do this, Kahn employed a number of public relations tactics, not the least of which was courtesy to passengers.³⁵⁸ He told his employees that he wanted them “to make friends as well as money,” and that he wanted “every person who rides on our cars

³⁵⁵ Henry C. Walker, “Philip,” *System: The Magazine of Business*, October, 1914, 377.

³⁵⁶ Lizabeth Cohen, *A Consumers’ Republic: The Politics of Mass Consumption in Postwar America* (New York: Alfred A. Knopf, 2003), 42.

³⁵⁷ One employee magazine contained a story of a female clerk providing rude service to a black customer, who was portrayed as ignorant. Southern Bell employee associations also occasionally held minstrel shows; “Not the Kind We Use,” *Southern Telephone News*, January 1921, 5, AT&T Archives-TX; Polly Lassiter, Atlanta Traffic Minstrels Make a Hit,” *Southern Telephone News*, January 1922, 3, AT&T Archives-TX.

³⁵⁸ Charles Smallwood, *The White Front Cars of San Francisco* (Glendale, CA: Interurbans, 1978), 46-59.

to have a friendly feeling towards us.”³⁵⁹ The Market Street Railway’s employee magazine also began featuring a “Better Public Relations” column with suggestions on how conductors could provide better customer service. In a March, 1926 column entitled “Avoid Antagonism,” the editor stated that “a conductor should handle each passenger in such a manner that he will feel that special interest is being taken in his case.” If this is done, passengers will have “greater respect for the employee and the Company he represents.” “People are not all bad,” the column concluded. Instead, “those who are inclined to be hostile we can make our friends by showing an interest in them rather than arousing their antagonism.”³⁶⁰ Another “Better Public Relations” column covered “Collecting Fares for Children,” designed to avoid offending parents.³⁶¹

The Market Street Railway Company spent so much time and money on public relations that city officials began to complain that the money could be better spent actually providing better service.³⁶² But when the 1929 referendum came up, over fifty-five percent of voters chose to extend the company’s franchise for another twenty-five years.³⁶³ This did not just indicate that voters in the late-1920s were tired of reform and eager to reduce taxes and the size of government. The year before, San Francisco voters approved \$41 million in bonds to buy the Spring Valley Water Company that monopolized the city’s water supply and created a city-owned water utility in its place.³⁶⁴

In another case, the opposite of courteous capitalism—what could be called discourteous government ownership—helped undermine the plans of some government officials to permanently nationalize the telephone network. In July of 1918, the federal government nationalized the nation’s telephone lines and the worst nightmare of Bell executives became a reality. This was true, despite the fact that Theodore Vail got along with Postmaster General Albert Burleson, who oversaw the nationalized telephone network. Since Burleson hated unions, Vail used the opportunity of nationalization to weaken the operators’ unions inside the Bell System. But Burleson vigorously sought to make nationalization permanent, which is where he and Vail obviously differed.³⁶⁵

After nationalization, the courtesy and customer service within some parts of the Bell System plummeted dramatically. Managers began rigidly enforcing policies in ways that they never would have done before and rudely dismissing customers’ objections. These actions incited disgust among customers with government control of the wires, a fact which Bell System executives could not have been happier about. When Burleson increased the installation charge for new telephones from \$3.50 to \$10 on September 1, 1918, employees at the Pacific Telephone & Telegraph Company informed all its customers who had signed up for new service before the order, but had not yet received

³⁵⁹ “An Interview with Our New Vice President,” *The Inside Track* 4, no. 11 (January, 1926) found in Ira L. Swett, ed. *Market Street Railway Revisited: The Best of “The Inside Track,”* (South Gate, CA: Interurbans, 1972), 84. The book is an edited collection of the company’s employee magazine *The Inside Track*.

³⁶⁰ Swett, ed., *Market Street Railway Revisited*, 99.

³⁶¹ *Ibid.*,

³⁶² *Ibid.*, 93.

³⁶³ Charles Smallwood, *The White Front Cars of San Francisco* (Glendale, CA: Interurbans, 1978), 61.

³⁶⁴ William Issel and Robert W. Cherny, *San Francisco, 1865-1932: Politics, Power, and Urban Development* (Berkeley, University of California Press, 1986), 184.

³⁶⁵ Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 218-19; Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 162-64, 169, 193-94, 203.

installation, that they owed more money thanks to the government mandated fee increase. PT&T managers strictly interpreted Burleson's order "in order to be on the safe side," as the president of the company put it. If customers did not want to pay the extra money, PT&T made no objection and simply did not install a phone. Even the president of PT&T admitted that customers had a point when they argued that they had already entered into a contract with the company by the time the new rates were announced, but that did not stop the company from enforcing the new rates on hundreds of customers.³⁶⁶

Predictably, this strict reading of Burleson's order angered many customers. One customer in Spokane wrote the government to express his displeasure and noted that he knew "others who are greatly dissatisfied."³⁶⁷ One customer contacted a lawyer.³⁶⁸ Another complained in writing to the post office and received a letter back from the Assistant Post Master in Washington, D.C. stating that she should not have to pay the charges. When she showed the letter to the local telephone manager however, he told her that he was under different instructions from PT&T and that if she wanted the phone installed she would have to pay the ten dollar fee. "This is a matter affecting scores of others besides myself," she wrote, "and I feel that it is not the desire of your Department to have the public unjustly dealt with."³⁶⁹

After several letters of complaint reached AT&T vice-president Nathan Kingsbury, who wrote a letter to the vice-president of PT&T clarifying that the Post Office did not want the higher charges applied to customers who had already signed up for service. But even Kingsbury, an executive who built his career around public relations, was not that bothered by the behavior of PT&T. Yet it is nearly impossible to imagine that any Bell company by this time would have treated customers this way, had government ownership not been in effect. Bell executives often told managers that they should let small charges to customers slide, not attempt enforce policies too rigorously in order not to damage public relations, but during the period of government ownership, PT&T disregarded all these procedures.

Also during the period of nationalization, Bell customer service workers appear to have become much ruder toward customers. While there is no direct evidence that this rude treatment was intentionally supplied to undermine government ownership, many customers suspected that this was the case. And since Burleson had adopted McAdoo's

³⁶⁶ H. D. Pillsbury to N. C. Kingsbury, New York, 26 September 1918, File "Complaints—Misc, 1914-1918," Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX; Telegram to N. C. Kingsbury, Vice-President, AT&T, 195 Broadway, New York City, from H. D. Pillsbury, San Francisco, October 7, 1918, File "Complaints—Misc, 1914-1918," Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX.

³⁶⁷ George K. Stocker, S. 508 Monroe St, Apartment D, Spokane, WA to Post Office Department, Spokane, Washington 20 September 1918, File "Complaints—Misc, 1914-1918," Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX

³⁶⁸ Letter, September 14, 1918, File: Conference, 1925; Box 10; Record Group 5: Pacific Telephone & Telegraph Co., Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Collection 3: Pacific Telesis Group; AT&T Archives and History Center and History Center, San Antonio, Texas.

³⁶⁹ General Commercial Superintendent, San Francisco, to Division Commercial Superintendent, 29 October 1918, File "Complaints—Misc, 1914-1918," Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX; Mrs. Herbert L. Kent, Alameda, California to First Assistant Postmaster, Washington, DC, 8 October 1918, File: Complaints—Misc, 1914-1918, Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX.

strategy of inviting customers to complain directly to him, many telephone users did not hesitate to inform Burleson of their suspicions. One customer from Sacramento wrote that employees at the Pacific Telephone & Telegraph company were “insolent” and “very impudent over the phone without reason” and that this all began “since the Co’s have been taken over by you.” The customer added that, “in my opinion—and others give me their views same as mine—the Company thru their employees are seeking to discredit Government management.”³⁷⁰ The district manager of the facility named in the letter denied the accusation when his boss wrote to him to find out the details, yet the boss did not seem too bothered.³⁷¹ Ironically, in making the complaint, the customer mistakenly did not write to Burleson but to William McAdoo, who by this time was Direct General of the Railroads. Like Burleson, McAdoo also favored permanent nationalization, but now McAdoo’s own strategy of courteous capitalism was working against him. Corporate monopolies had learned the power of rude and courteous clerks and were now seeking to destroy government ownership through poor service.

Other customers also suspected that the Bell System of purposely providing poor service. One lawyer from Portland wrote Burleson that “since the Government has taken over the telephone lines here the service has been something fierce.” The customer recounted that it took him nearly a half hour to reach “central” and when finally got through the chief operator told him that the office was not understaffed at all. The customer informed Burleson that he would not complain if the war effort had caused the delay, “but I know certain interests are greatly alarmed lest government control be a success.”³⁷²

Eventually Burleson got fed up with all the complaints he was receiving. He wrote to the Bell System companies that he was receiving “a number of letters...at the department stating that patrons of the telegraph and telephone service are not always accorded courteous treatment by the employees, also that when complaint is made the employees frequently state that the delay or other trouble is due to instructions issued by the Post office Department when such is not the case.”³⁷³ Burleson declared that “indifference or non-concern in relations with the public or the service rendered will not be tolerated and must give way to a spirit of interest.” Borrowing a page from the corporate utilities, Burleson claimed that “close attention to duty and courteous treatment involve no hardships and cost nothing, but mean much to the public.” Burleson ended his

³⁷⁰ Charles A. Willis, 2908 S. St., Sacramento, California to Hon. Wm. McAdoo, Secretary of the Treasury, Washington, DC, 14 September 1918, File “Complaints—Misc, 1914-1918,” Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX.

³⁷¹ Division Commercial Superintendent to General Commercial Superintendent, 16 October 1918, File “Complaints—Misc, 1914-1918,” Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX; General Commercial Superintendent to Division Commercial Superintendent, 10 October 1918, File “Complaints—Misc, 1914-1918,” Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX.

³⁷² E. R. Ringo, 1312 Northwestern Bank Building, Portland, Oregon to Post Masters General, Washington, DC, 2 October 1918, File “Complaints—Misc, 1914-1918,” Box 9, Record Group 5: Pacific Telephone & Telegraph, Collection 3, AT&T-TX

³⁷³ A. S. Burleson, “Order Relating to Courtesy and Service,” *Pacific Telephone Magazine*, 23, December, 1918, AT&T-TX.

edict threatening that, “those in charge will be held strictly accountable for the service, also for the conduct of the employees under their supervision, toward the public.”³⁷⁴

This was not how to elicit courteous service, as privately-owned utility executives had already learned, but the government-owned monopoly of the Post Office had never needed to provide courteous service and Burleson lacked the knowledge of how to extract it.³⁷⁵ None of Burleson’s blustering changed the attitude of Bell managers and employees. Bell’s sabotage through discourtesy, coupled with Burleson’s poor labor relations and his raising rates on customers, destroyed any chance of permanent nationalization. By June of 1919, even the American Federation of Labor ceased calling for nationalization. As Richard John has found regarding nationalization of the telephone network during WWI, “prior to Burleson’s takeover of the telephone and the telegraph, state socialism retained many admirers,” but afterward “its prestige had suffered an irrevocable blow from which it would never recover.”³⁷⁶ Part of the reason for this was that, during the war, parts of the Bell System waged a discourtesy campaign against government ownership. After the war, Bell had to re-build morale and re-instill courteous capitalism, but at least it had its wires back.

In many other cases, it is more difficult to draw a direct connection between courteous capitalism and political decisions. Yet, according to the appraisal of utility executives, courteous capitalism worked as planned. By the late-1920s, utility executives were nearly gleeful about the public attitude toward utilities and the current state of utilities regulation. Executives believed they had discovered the secret to reducing political pressure and that courteous capitalism was continuing to strengthen the private monopoly framework of utilities. Martin Insull, Samuel’s brother, boasted before a NELA gathering in 1927 that he had taken over some utilities in Indiana and “changed the public opinion of those communities from one of unfriendliness to one of friendliness for the properties I was operating.”³⁷⁷ Initially Martin Insull had a few business leaders on his side, but when he began “giving service in the broadest sense to those communities....a very great change came over the communities toward those various operating companies.”³⁷⁸ At the same NELA conference, the governor of Maryland, Albert C. Ritchie, told executives that “the franchise grabbing and public exploitation, with all its graft, corruption and secret manipulation, which led so acute a student as Lord Bryce to pronounce our municipal governments of twenty years ago a disgraceful failure,

³⁷⁴ A. S. Burleson, “Order Relating to Courtesy and Service,” *Pacific Telephone Magazine*, 23, December, 1918, AT&T-TX.

³⁷⁵ David M. Henkin has found evidence of rude postal clerks in the late-nineteenth century. According to one customer, “Post office clerks are models of unconcern if not rudeness, all the country over,” *The Postal Age: The Emergence of Modern Communications in Nineteenth-century America* (Chicago: University Of Chicago Press, 2006), 80.

³⁷⁶ Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2010), 403, 401; see also J. Warren Stehman, *The Financial History of the American Telephone and Telegraph Company* (Boston: Houghton Mifflin Company, 1925), 220.

³⁷⁷ Martin J. Insull, President, Middle West Utilities Company, “Community Development and Public Relations,” *NELA Proceedings*, Public Relations Sessions (1927), 264.

³⁷⁸ Martin J. Insull, President, Middle West Utilities Company, “Community Development and Public Relations,” *NELA Proceedings*, Public Relations Sessions (1927), 265.

has, we know, very largely passed.”³⁷⁹ In a 1925 speech to the Kentucky Public Utilities Association, the president of a Brooklyn power company recalled a time “when our industry was universally viewed with suspicion and antagonism.” There were still some people who still felt that way, he said, but “I don’t believe they are general, or representative of the basic views of the majority of our American people. We have reason to believe they are not.”³⁸⁰ Samuel Kennedy noted as early as 1921, that after focusing on individual customer service, “the public is satisfied,” and the company did not “have many of the difficulties now which we hear exist in other places and which we used to have. The attitude of our people is satisfactory.” Kennedy then related this customer satisfaction to friendlier political oversight. “If we want a right of way in some particular location, we don’t have any trouble getting it,” he noted. “If we want a permit or a franchise or something like that, we don’t have any difficulty in getting it. We find that the Railroad Commission, individually and collectively, is friendly all the way down the line, and, with all modesty I say it, that our Company is held up as an example in public relations.”³⁸¹

The California Railroad Commission, which oversaw utilities, also noticed the change. The commission’s chief engineer recalled a company that asked the commission for a rate increase, but when it showed up at for the hearings, the room was “packed with protestants.” The commission granted the rate hike anyway, arguing that it was financially justified, but both the commission and the utility received an enormous amount of “scorn.” The company eventually appointed a new manager who “believed in fair treatment and confidence and honesty with his consumer.” A year later when the company asked for another rate increase, they got it without public backlash.³⁸² Kennedy also noticed a change at commission hearings, observing that during World War I, the commission had notified every customer about an upcoming rate increase hearing but when the company’s representatives showed up, they found a small room that “wasn’t half full.” There were lawyers from the municipalities and city councils affected, but they were not opposed to the rate increase. “Although I do not say it is the entire reason,” Kennedy summarized, “I believe that the attitude of the public toward the company had a great deal to do with the favorable manner in which the increased rate was received.”³⁸³

Customers also noticed the courteous service they received from companies and many wrote in to thank them for it. One customer wrote in to thank the Southern California Edison Company for “the courtesy shown me by” those installing “gas at my

³⁷⁹ Hon. Albert C. Ritchie, Governor of Maryland, “Electricity in Politics,” *NELA Proceedings*, Sixth General Session, Friday, June 10, 1927 (1927), 189.

³⁸⁰ M. S. Sloan, President of the Brooklyn Edison Company, *Our Selves and the Public* (lecture before the Kentucky Public Utilities Association, 1925), 5-6, Box 449, Folder 6, SCE Records.

³⁸¹ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 35.

³⁸² “Public Relations Under Public Regulation: Address by Lester S. Ready, Chief Engineer, Railroad Commission of the State of California before the Public Relations Section, Pacific Coast Electrical Association. Los Angeles, June 11, 1926,” 6-7, Box 449, Folder 6, SCE Records.

³⁸³ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 36.

place” and to thank “all others in your office with whom occasion brought me in contact during the past” whose service “leaves a pleasant memory instead of a sting.” Another customer of the same company wrote in to thank everyone, including “the man who climbs the pole” who have “been more than courteous, and have shown [every] consideration possible.”³⁸⁴ A Commonwealth Edison customer in Chicago wrote in begging the company to “please”—underlined three times—come out and fix his lights and adjust his bill or else uninstall his meter. A short time later, the same customer wrote again with an illustration of two men shaking hands and one saying “thank you for prompt attention and courteous treatment, also the satisfactory adjustment of my little ‘tale of woe.’” The company had made another friend.³⁸⁵

Psychologists may help explain the positive reception of courteous capitalism. They have found that smiling and other forms of body language, even when falsely contrived, are contagious.³⁸⁶ As William McAdoo observed regarding his conductors and customers, “verily courtesy breeds courtesy.” McAdoo noted that two years after ordering his employees to behave courteously toward the public there was “a feeling of good will and friendship between the public and our employees and our company that is delightful and refreshing. Everybody seems to take an interest in being kindly and considerate.”³⁸⁷

Conclusion

In *The Refinement of America*, Richard Bushman wrote that refinement and civility began as a set of rules for conducting oneself before the king or queen at a royal court. Before the American Revolution, he argued, the upper-class in Britain’s North American colonies began imitating these courtly rules, building mansions, purchasing fine furniture and clothing, and using manners that matched their aristocratic pretensions. After the Revolution, however, republican ideals of democracy and equality were in the air. How could lavish displays of wealth be squared with republican claims to equality? To resolve this problem, the upper-class managed to get the middling class to adopt courtly values as well, to the extent their pocketbooks would allow, permitting the upper-class to keep their material possessions and genteel ways. Consumption of china tea sets, embroidered handkerchiefs, and cherry dining-room tables became fashionable and more common throughout society. Consumption in the display of refined manners became *de rigueur* for anyone who aspired to be accepted in polite company.³⁸⁸

³⁸⁴ “Pleasant Letters From Pleased Patrons,” *Edison Current Topics* 2, no. 12, April 1913, 15, Box 308, Folder 2, SCE Records. The names of these individuals will be checked, as soon as Ancestry.com starts working again.

³⁸⁵ W. M. Mehan, “The Claim Department,” *How Commonwealth Edison Company Works* (Commonwealth Edison Co., 1914), 40, Folder 55-1, Insull Papers.

³⁸⁶ Carroll E. Izard, *Human Emotions* (New York: Plenum Press, 1977), 106-108.

³⁸⁷ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 19-20.

³⁸⁸ Richard L. Bushman, *The Refinement of America: Persons, Houses, Cities* (Vintage Books, New York, 1992); for a similar argument in a different time and place see Norbert Elias, *The Civilizing Process: The Development of Manners: Changes in the Code of Conduct and Feelings in Early Modern Times*, translated by Edmund Jephcott (New York: Urizen Books, 1978).

In an addendum to his narrative, Bushman argued that the rise of big business ended the refinement of America by creating a class of misbehaving rich.³⁸⁹ It may be true that the *nouveaux-riches* in the late-nineteenth century were conspicuous in their consumption, and therefore violated genteel prescriptions against the ostentatious display of wealth, but Bushman did not take his analysis far enough in time. In the early twentieth century, Progressives, offended by these economic indiscretions, launched a reform movement calling for antitrust enforcement, greater utilities regulation, and in some versions, outright municipal ownership. These calls for reform especially affected the private utilities industry. In response, utility executives launched a counter-reformation in which they resuscitated declining Victorian behavioral codes, modified them, and put them to use in the service of their companies. Clerks were now expected to follow these conduct codes by exercising emotional self-control, refraining from the immediate gratification that a rude reply might provide. Instead, clerks were supposed to mind their manners in the hope of promotion, or at least not losing their job. The result was that interpersonal interaction between clerks and customers became highly contrived, at least on one side of the counter.

This story could be read as supporting Karen Halttunen's conclusion in her book *Confidence Men, Painted Women*. Halttunen argues that managerial capitalism, with its rewards for putting on appearances and dressing to impress, welcomed the confidence man into mainstream American life.³⁹⁰ In the earlier part of the book, Halttunen describes the obsession of Victorian Americans with sincerity in manners and their intense anxiety over hypocrites whose external actions did not match their internal intentions. These hypocrites were embodied in the confidence men and painted women in America's growing cities who preyed on unsuspecting visitors. But if the confidence man was anything he was autonomous, shifting his identity and behavior to advance his own goals. Within monopoly utilities, however, clerks were not autonomous in their behavior. They did not get to choose how they conducted themselves before others. They were controlled by their managers and customers.

There were some employees who did use the tools of the confidence man to advance within their companies, but they were managers and executives whose ranks were becoming more exclusive just as courteous capitalism was being implemented. Upward mobility was becoming more difficult because jobs such as accounting, engineering, and management increasingly required a college education.³⁹¹ In 1926, the treasurer of one utility looked back on the bygone era when "anybody who could read, write...and who could do simple arithmetic was felt fully qualified to handle the accounting problems of a public utility. As time has gone on, however, with the expansion and growth of the business, that situation has passed."³⁹² A clerkship was no longer a position where young employees with ability and ambition could hope to advance into the upper ranks of management.

³⁸⁹ Richard L. Bushman, "The Genteel Republic," *The Wilson Quarterly* 20, no. 4 (Autumn, 1996): 14-23.

³⁹⁰ Karen Halttunen, *Confidence Men, Painted Women: A Study of Middle-Class Culture in America, 1830-1870* (New Haven: Yale University Press, 1982), 210.

³⁹¹ C. L. Campbell, Treasurer, Connecticut Light & Power Company, "Broadening the Accountant's Duties," *NELA Proceedings* (1926), 297.

³⁹² C. L. Campbell, Treasurer, Connecticut Light & Power Company, "Broadening the Accountant's Duties," *NELA Proceedings* (1926), 297.

Rather than promoting from below, utilities in the 1920s increasingly began hiring college graduates and immediately placing them on a management track by having them spend a month in each of the company's departments.³⁹³ When young clerks saw these new managers rotate through the office, they surely knew which way the wind was blowing. One manager noted the discontent among young people when he observed that "oftentimes I travel up and down this country I hear men say, and particularly young men, that a fellow doesn't have the same chances that he did twenty-five of fifty years ago." The manager admitted that "here and there, perhaps, there is a man who does not seem to have as much opportunity for progressing rapidly." Yet the manager argued that, "while he is progressing, he is having a better time than the fellow did in days gone by."³⁹⁴ In the 1920s, self-employment was declining rapidly while the ranks of clerks swelled to twenty-five percent of the US workforce by 1930. But upward mobility was becoming more limited all the time.³⁹⁵ Meanwhile, the expansion of office machinery and office Taylorism, segmented jobs into smaller and more boring tasks. One manager spoke highly of this referring to it as an "aid to interchange of persons."³⁹⁶ No wonder F. Scott Fitzgerald had Amory Blaine state in *This Side of Paradise* that he did not want to get "lost in a clerkship, for the next and best ten years of my life." The job, Blaine said, "would have the intellectual content of an industrial movie." Amory went on to defend government ownership.³⁹⁷

The boredom and lack of transportable skills was one reason why historian Daniel T. Rodgers argued that white-collar and blue-collar work became more and more similar over the course of America's industrialization. Factory workers in the early twentieth century possessed few skills and were dependent on their boss for wages. They could not quit their job and take up farming since most owned no land. By 1920, the autonomous yeoman had been replaced by what looked like a wage slave, Rodgers found, and clerks were in a similar position.³⁹⁸ But blue-collar workers knew that they were better off than white-collar workers in one area, namely, they did not have to do emotional labor. When Ida Tarbell asked a group of coalminers why they stayed in the mines, their replies were "I was brought up to it." "I like it." "Nobody bothers you when you are working with a pick." "Nice and quiet in the mines," "Blue-collar workers thought, like farmers," Tarbell observed, believed that they were doing "a man's job. It made them contemptuous of white-collar workers." "In the end," she wrote, "I came to the conclusion that there was

³⁹³ "Future Executives Get Diplomas," *Busy Buttons' Bulletin* [1], no. 3 (August 1928) Box 461, Folder 4, SCE Records.

³⁹⁴ Edward F. Trefz, "Judgment, Enthusiasm, Obedience and Loyalty," *Edison Current Topics* 4, no. 9 (September 1915): 171, Box 308, Folder 4, SCE Records.

³⁹⁵ Clerks made up at least ten percent of the US workforce in 1930; Clark Davis, *Company Men: White Collar Life and Corporate Culture in Los Angeles, 1892-1941* (Baltimore: Johns Hopkins University Press, 2000), 77; Jurgen Kocka, *White Collar Workers in America, 1890-1940: A Social-Political History in International Perspective* (Beverly Hills: Sage Publications, 1980), 167, 184; Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York: Monthly Review Press, 1974), 293.

³⁹⁶ William Ferguson, "Standardized Office Work in the Customers' Accounts Division of The Detroit Edison Company," *NELA Proceedings*, Second Accounting National Section, Wednesday, May 17, 1922 (1922), 1:254-55.

³⁹⁷ F. Scott Fitzgerald, *This Side of Paradise* (New York: Scribner, 1920), 170, 213.

³⁹⁸ Daniel T. Rodgers, *The Work Ethic in Industrial America, 1850-1920* (Chicago: University of Chicago Press, 1978), 24-27.

probably no larger percentage of those who did not like the work they were doing than there is in the white-collar occupations.” Blue-collar work may have been difficult, but white-collar work, at least at the lower levels, was also dismal, in part because of courteous capitalism.³⁹⁹

In one irony of the Progressive Era and 1920s, consumers focused their political anger on public utilities, and in return, they became the focus. Progressives demanded an end to political corruption and financial mismanagement and these things did decline. But by scrutinizing companies, consumers themselves became scrutinized. Customer service employees were instructed to “diagnosis” and “size up” their customers when talking to them.⁴⁰⁰ Clerks performed in ways deliberately calculated to produce a particular political sentiments in the customers’ minds. Managers controlled clerks, but their ultimate goal was to mold the political opinions of consumers. Customer service did improve, but what was lost was sincerity. Corporations now kept up appearances and carefully groomed their employees from head to toe. But the emotional labor coming from these squeaky clean human edifices was as hypocritical as one manager’s phrase, “genuine employee performance” implied.⁴⁰¹

³⁹⁹ Ida. M. Tarbell, *All in the Day’s Work: An Autobiography* (New York: MacMillan, 1939), 283.

⁴⁰⁰ Kennedy, “Transforming Public Opinion,” SCE Records, 12; “Mrs. Crete Herlihy, “Subscribers’ Instruction,” in *Fifth Annual Chief Operators Conference, Los Angeles, February 15th, 1929*, 55-56; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX).

⁴⁰¹ Wm. A. Durgin, Commonwealth Edison Company, Chicago, “Appendix C (continued): Public-Contact Training and Measurement of Results by Service Sampling,” in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 18.

Chapter Three: The Architecture of Consent

Introduction

At the beginning of the twentieth century, a typical utility office where customers went to sign up for service, pay their bill, or dispute a charge looked like the one in the photograph below of the Edison Electric Company from 1906. The door on the left reads “Accounting Dept.” Here a busy hive of bureaucrats took in information, processed it, and stored it for later use. By rationalizing the enormous amount of information inherent in large corporations, clerks in these offices made the corporation legible to itself, making late-nineteenth century accounting offices “arguably the most important production site in the industrializing economy,” according to historian Michael Zakim.⁴⁰²



The accounting office of the Edison Electric Company in Los Angeles, a predecessor to the Southern California Edison Company, 1906.⁴⁰³

But beginning in the early twentieth century, executives began to shift their focus from the account clerks in the foreground to the customer-service clerks, their customers, and the physical barrier that stood between them in the background of this photograph. A few such clerks along their customers can be seen here, barely visible through the bars, frosted glass, and partitions of this “closed office.” This customer-clerk border, executives began to realize, was also an important corporate production site but one that produced a great deal of negative public opinion.

⁴⁰² Michael Zakim, “Producing Capitalism: The Clerk at Work,” in *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America*, ed. Michael Zakim and Gary J. Kornblith (Chicago: University of Chicago Press, 2012), 229.

⁴⁰³ Image Number “SCE 01 00592,” 1906, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.
<http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/287/rec/10>
Thanks to Jennifer A. Watts, Curator of Photographs at the Huntington Library for helping to date this photograph.

The cause of this negative public opinion, executives began to believe, was not only the behavior of customer-service clerks, but the design of the offices themselves. The bars, glass, and counters at these offices barricaded employees from outsiders and architecturally expressed to customers the secretive and embattled mentality of monopolies. This impression of secrecy bred suspicion among utility customers that utilities had something to hide.⁴⁰⁴ During the era of “zealous muckrakers,” a *Southern Bell Telephone* magazine editor recounted, “most public utilities enveloped their actions in a veil of secrecy.”⁴⁰⁵ Customers, in turn, viewed utilities as “very secretive” and “suspected” them of having “lots of political pull,” observed financial journalist and utilities consultant B.C. Forbes.⁴⁰⁶

This widespread suspicion did not go away with the end of the Progressive Era; it persisted into the 1920s. In 1921, Samuel Kennedy, the vice-president of public relations for the Southern California Edison Company, observed that “to many an otherwise clear-headed man, the ways of big corporations are a dark and impenetrable mystery. He is inclined to look with suspicion on all they do.”⁴⁰⁷ “For years,” one utility manager noted in 1922, “executives have been pictured by demagogues as corpulent tyrants possessed of hoofs and horns who sit behind closed doors and frosted glass and figure only on how they can mulct the public out of a few more pennies.”⁴⁰⁸

To fix this negative view of utilities, executives started remodeling their accounting offices by tearing down the barred-windows, frosted-glass, and high-counters that separated clerks from customers. Executives reasoned that if customers could see and hear what was going on in the customer-service office, and physically move around within these spaces, the widespread suspicion of utilities would be replaced with confidence that private monopolies had nothing to hide and represented the one best way to provide utility service. By the late-1920s, utility executives had remodeled, not only the behavior of their clerks, but also the interiors of the offices they labored in, all in a determined effort to improve public opinion and limit political regulation.

The historiography surrounding corporate architecture has often focused on the symbolism of downtown skyscrapers, although Louise A. Mazingo has gone on to analyze low-rise corporate headquarters and office parks located away from the city

⁴⁰⁴ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (Washington, DC: Government Printing Office, 1928), 100.

⁴⁰⁵ “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 6, AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX).

⁴⁰⁶ Forbes was not a paid consultant, but he gave speeches at National Electric Light Association Conventions regularly during the 1920s, offered an award for the best essay on utilities management, and invested heavily in utility stocks. B. C. Forbes, “What the Customer Is Thinking,” *Proceedings of the Forty-ninth Convention of the National Electric Light Association* (New York: National Electric Light Association, 1926) (hereafter *NELA Proceedings*) (1926), 55.

⁴⁰⁷ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” 7, Box 289, Folder 26, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

⁴⁰⁸ Labert St. Clair, Director, Advertising Section, American Electric Railway Association, “Getting the Public Eye and Ear,” *American Gas Association Monthly*, January 1922, 25.

center.⁴⁰⁹ Yet branch offices have largely escaped notice, though they served as the utilities' architectural envoys to small-town and suburban America. These branch offices were far more numerous than either skyscrapers or suburban corporate campuses, architecturally important in their own right, and heavily patronized. As early as 1921, the Southern California Edison Company had sixty branch offices. In 1928, Public Service Company of Illinois, which provided electricity and gas service north of Chicago, maintained thirty-eight branch offices with attached retail stores selling the latest consumer electric appliances.⁴¹⁰ The number of branch offices in the Bell System was even higher. By the late-1920s, the Bell System operated hundreds of branch offices serving small towns and residential neighborhoods across the United States.⁴¹¹ In San Francisco alone, the Bell System provided eight district offices to customers throughout the city, as well as a separate headquarters by 1927.⁴¹² By 1930, the entire Bell System, excluding Western Electric, possessed nearly 6,000 buildings, including 749 branch offices.⁴¹³ Bell's properties were so numerous that an editor for the *Bell Telephone Quarterly* suggested that they were "probably the largest group of buildings belonging to any one organization in the United States."⁴¹⁴ With the exception of the United States government, this suggestion may have been correct. For many Americans, by the late-1920s, the physical symbol of monopoly capitalism was not the looming downtown skyscraper, but the meek branch office.

As residential utility use jumped in the early twentieth century, these branch offices saw a tremendous number of visitors. One telephone office in the town of

⁴⁰⁹ Louise A. Mazingo, *Pastoral Capitalism: A History of Suburban Corporate Landscapes* (Cambridge, Mass.: The MIT Press, 2011). For more on skyscrapers see Daniel Bluestone, *Constructing Chicago* (New Haven, CN: Yale University Press, 1991); Sigfried Giedion, *Space, Time and Architecture: The Growth of a New Tradition* (Cambridge, MA: The Harvard University Press, 1941); Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998), 36-41.

⁴¹⁰ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 17-18; "Merchandise Sales," *Public Service Company of Northern Illinois Year Book 1928*, 22, Box 55, Folder 8, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

⁴¹¹ There were 400 Bell offices in 1930 using the new more open design alone, ref. "Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company," in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 14; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

⁴¹² R. S. Masters, R. C. Smith, and W. E. Winter, *An Historical Review of the San Francisco Exchange* (San Francisco: Pacific Telephone and Telegraph Company, 1927), 104-06.

⁴¹³ "Building for Service," *Bell Telephone Quarterly* 7, no. 2 (April 1928), 78; "Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company," in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 13; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX; Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 205.

⁴¹⁴ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 205.

Alameda, near Oakland, California, averaged 10,300 visitors per month in 1914 and recorded a single-day record of 802.⁴¹⁵ A Bell office in Pasadena, California received some 7,000 visitors a month in 1925.⁴¹⁶ Between 1910 and 1930, the number of Bell telephone subscribers increased from less than five million to over fifteen million, many of whom had to sign up for service in person.⁴¹⁷ Electricity offices also received a large number of customers. In 1920, urban residential electricity consumption averaged around ten percent but by 1930 that number had risen to over ninety percent. Yet as late as 1927, one-third of electric companies still required customers to personally visit the local electricity office in order to sign up for service.⁴¹⁸ Customers also visited local electricity offices to buy light bulbs, electric irons, electric coffee percolators, electric stoves, washing machines, and other fashionable consumer items, which were sold at electricity offices until the late-1920s when appliance stores took over.⁴¹⁹ These facts explain why one electricity executive in New York estimated in 1923 that ninety-five percent of electricity customers knew “the front office and persons in charge there.”⁴²⁰

Utility executives were keenly aware of the importance of these branch offices and made sure their employees understood it as well. One “reading assignment” in a Bell System training manual for commercial office clerks stated that “the business offices of the telephone company are a very important part of its organization; through them are made nearly all the business negotiations involving arrangements for serving the customers. The commercial department thus represents the entire company.”⁴²¹ Another reading assignment stated that, “when our customers come into a commercial office to transact their business with us it is of vital importance that they carry away with them the impression that our offices are well arranged, well handled, and attractive. To achieve this objective, suitable office quarters are provided.”⁴²²

Department stores, dime stores, and chain grocery stores, had already spearheaded the mass-reproduction of corporate architecture. In the post-WWII era, a great deal of

⁴¹⁵ “Alameda Exchange Has Club House,” *Pacific Telephone Magazine*, December 1914, AT&T-TX.

⁴¹⁶ R. H. Harding, “The Business Office and Telephone Service,” *Pacific Telephone Magazine*, September/October 1935, 18, AT&T-TX.

⁴¹⁷ *Annual Report of the American Telephone & Telegraph Company for 1934* (New York), 25; Claude S. Fischer, *America Calling: A Social History of the Telephone to 1940* (Berkeley: University of California Press, 1992), 44.

⁴¹⁸ David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 261; R. T. Duncan, “Report of Customer Relations Committee,” *NELA Proceedings*, Commercial National Session (1927), 408.

⁴¹⁹ Lucien Kellogg, “‘Visitors are Welcome’: How a Western Utility Brings Together Four Factors in Its Sales-and-Service Plan,” *Business*, May, 1925, 25, Box 440, Folder 8, SCE Records.

⁴²⁰ Warren R. Voorhis, Vice-President, American Water Works & Electrical Company, New York, *The Girl at the Window* (*Electrical World*, August 4, 1923), 1, Box 449, Folder 5, SCE Records.

⁴²¹ The exact wording of this last sentence needs to be verified on my next trip to the archives. “The Work of the Commercial Department: Part II: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 3; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: The Work of the Commercial Department: Part II; AT&T-TX.

⁴²² “The Work of the Commercial Department: Part I: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 11; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

America would be covered with these structures.⁴²³ Utilities were early participants in this trend, yet they were also unique since the main goal of utility offices was not to sell products to make money, but to improve public opinion to maintain a monopoly on the business. Unlike at traditional retail stores, customers at utility offices usually had no immediate choice about where to purchase their utility service and many utility offices did not even have any tangible products to sell.⁴²⁴ The designs of utility offices were therefore not intended to sell products but to sell the political idea of corporate monopolies.

The Open Office

The first attempt to bring about this change in public opinion occurred in the electricity industry around 1910 when executives began removing the bars, glass, and partitions and lowering the counters in order to make clerks more accessible to customers.⁴²⁵ Executives reasoned that if they removed the physical barriers between the

⁴²³ William Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Pantheon Books, 1993); Daniel Boorstin, *The Americans: The Democratic Experience* (New York: Vintage Books, 1974), 109-118; Lizabeth Cohen, *A Consumers' Republic: The Politics of Mass Consumption in Postwar America* (New York: Alfred A. Knopf, 2003).

⁴²⁴ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 38; "Selling a Utility Company to the Public," *Southern Telephone News*, June 1922, 6, AT&T-TX.

⁴²⁵ Long Beach, Santa Ana, and Los Angeles all had closed offices in 1905, 1906, and 1907, respectively. Yet Long Beach and Santa Ana both had open offices by 1911 and 1910, respectively. Pasadena and Fullerton also had open offices in 1910 and Redlands had an open office in 1911. Some offices remained closed during this time, however, such as the Whittier office in 1910 and the Los Angeles office in 1913. Other offices, such as Santa Barbara in 1910, had a partially open office, with some grating and some open counters. Ref: Photograph, "Edison Electric Company Office Staff, Long Beach," 1905, Image number "SCE_01_00784," <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/309/rec/1>; Photographer B.F. Pearson, "Edison's Santa Ana local office with ornate nickel," 1906, Image number "SCE_01_00152," <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/312/rec/37>; G. Haven Bishop, photographer, "Teller payment windows at the Los Angeles Business Office," 1907, Image Number "SCE 02 00595," <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/12455/rec/6>; Photograph, "Edison Electric Company Office Staff, Long Beach," 1905, Image number "SCE_01_00784," <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/309/rec/1>; G. Haven Bishop, photographer, "Long Beach Office—interior (2nd & Pine) [showing electric appliances.]," 1911, Image Number "SCE 02 00218," <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/12372/rec/6>; G. Haven Bishop, photographer, "Santa Ana Commercial Office (interior) – [with office staff]," 1910, Image Number "SCE 02 00228," <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/11925/rec/41>; G. Haven Bishop, photographer, "The front of a the Pasadena Local Office showing fire damage," 1910, Image Number "SCE 02 01453," Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California. <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/13200/rec/5>; G. Haven Bishop, photographer, "Fullerton Local Office—Interior," 1910, Image Number "SCE 02-00210," <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/12366/rec/50>; G. Haven Bishop, photographer, "Redlands Local Office--Interior," 1911, Image Number "SCE 02 00213," <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/12367/rec/1>; G. Haven Bishop, photographer, "Whittier Local Office - interior," 1910, Image Number "SCE 02 00204,"

clerk and the customer, they could remove the political barriers between them as well. By eliminating these physical barriers, the new “open office,” as employees called it, invited customers to inspect every visible aspect of the companies’ operations and linger within a shared architectural space like members of an extended family.⁴²⁶

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/12362/rec/13>; G. Haven Bishop, photographer, “Los Angeles Edison (4th Street office) – Los Angeles Business Office interior,” 1913, Image Number “SCE 02 001928,”

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/13631/rec/1>; G. Haven Bishop, photographer, “Santa Barbara Commercial Office--Interior,” 1910, Image Number “SCE 02 00225,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/12377/rec/1>
All in the Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

⁴²⁶ “New Edison Building Beautiful and Modern,” *Edison Current Topics* 8, no. 1 (January 1919): 4, Box 308, Folder 7, SCE Records; Rhys Isaac also uses the term “open” and “closed” when referring to trend toward private spaces in Virginian houses in the eighteenth century; see *The Transformation of Virginia, 1740-1790* (Chapel Hill: The University of North Carolina Press, 1982), 304.



A “closed office” at a predecessor to the Southern California Edison Company called the Edison Electric Company, Los Angeles, in 1907. The office features high counters, iron bars, and frosted glass. The sign at the top left reads “Payments” the sign on the top right reads “Applications and Adjustments.” This is a photograph of the same office as above, but from the customers’ point of view.⁴²⁷



A new “open office” at the Southern California Edison Company in 1919, featuring low counters, no bars, and no glass partitions. Smiling women also replaced scowling men in many customer-service positions by this time.⁴²⁸

⁴²⁷ G. Haven Bishop, photographer, “Teller payment windows at the Los Angeles Business Office,” 1907, Image Number “SCE 02 00595,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/12455/rec/6>

⁴²⁸ Photographer G. Haven Bishop, “Edison Building (3rd & Broadway) – Typical Edison business office,” Image Number “SCE_02_05170,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

<http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/16740/rec/3>

The transition from the closed office to the open office was no accident. It was not a haphazard change as companies grew and styles changed. Rather, each feature of the open office was meticulously selected with the explicit goal of pleasing customers. “Every detail of the arrangement and management” of new open offices, reported a Southern California Edison magazine in 1914, had been designed to provide “good service with courteous attention.”⁴²⁹ In 1922, when AT&T opened a new headquarters in New York with an open office for customers, an employee declared that “not even the most casual of inspections could convey the impression that utility has in a single instance been sacrificed to mere artistic effect. Down to its least important details, it has been designed” to help employees convey “the Bell System ‘Spirit of Service.’”⁴³⁰ In 1921, Samuel Kennedy, the vice-president of the Southern California Edison Company, instructed executives at another utility to “give your office a clean, open appearance, and you are going to please your customers.” If utilities’ removed the grating and glass between clerks and customers, customer satisfaction would increase. “If you look a consumer squarely in the face and he looks you squarely in the face, you are going to feel different toward each other than if you are dodging back and forth, looking through a pigeon hole,” Kennedy taught from experience.⁴³¹

Visibility of employees to customers was therefore a key design feature of the new open office. Employees and managers had to be visible to customers as soon as customers entered the office. An employee magazine article published by the Southern California Edison Company in 1914 stated that their new open office was “so arranged that the district agent and his assistants are at all times visible and accessible to the company’s customers and the public.”⁴³² “Let your clerks be seen,” declared Kennedy in 1921. After the advent of the open office, Samuel Kennedy noted that some managers were hiding “probably in a back room.” The problem was visual. “You can’t see him. A customer can’t see him,” Kennedy complained, the manager was “not visible.” “Now then,” Kennedy declared, “in business hours, he should be visible; he should be accessible to take care of customers who want to see him.”⁴³³

Not only did the open office make employees visible to customers, it made the lower level employees visible to managers. Typical district offices contained three rows of seating, with the lowest-level clerks, often women, sitting at the front, closest to the customer-service counter. Behind them sat bookkeepers and the chief clerk, and behind

⁴²⁹ Charles Heston Peirson, “Service,” *Edison Current Topics* 3, no. 3 (March 1914): 460, Box 308, Folder 3, SCE Records.

⁴³⁰ Although the office had some vertical wooden pillars, they were narrow, very widely spaced, and not used to hold any grating or glass; “The New Home of the Bell System,” *Southern Telephone News*, December 1922, 12, AT&T-TX; H. Blair-Smith, “The 1928 Stock Offer of the American Telephone and Telegraph Company,” *Bell Telephone Quarterly*, October 1928, photo opposite page 264.

⁴³¹ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 17-18.

⁴³² Charles Heston Peirson, “Service,” *Edison Current Topics* 3, no. 3 (March 1914): 460, Box 308, Folder 3, SCE Records.

⁴³³ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 17-18.

them sat the district manager, always a man.⁴³⁴ From the customers' standpoint facing the office, they could see all the faces of employees, though the district manager's face was farthest away. From the manager's perch at the back of the office, he could also see the customers' faces, as well as the backs of his employees, though they could not see him without turning around. The lowest level clerks had the least visual privileges. They occupied a valley of vision in which they were closely scrutinized by both customers in front of them, and middling clerks and the manager behind them.⁴³⁵

This layout promoted easy supervision of low level clerks, something which executives believed led to better customer service. "By all means, let the manager be in a position to see everything that is going on in the office," Kennedy told a group of electricity executives in 1921.⁴³⁶ A district office manager told colleagues at a Bell conference in 1926 that "the first and most important factor in business office management is 'viewpoint.' The correct viewpoint sees the problem first." The manager went on state that "direct, on the job, personal supervision is the most effective form of supervision and control."⁴³⁷ Jeremy Bentham never built any of his panopticons, but utility executives built hundreds of open district offices.⁴³⁸

The new open office layout contrasted sharply with earlier closed office design used in the utilities industry. In the closed office, as seen in the first picture in this chapter, clerks often sat face-to-face. Some clerks sat with their backs facing customers, while other clerks sat opposite those clerks, facing the customers but farther away from them. Still other clerks sat facing the walls or windows with their vision directed outward, away from customers and employees alike.⁴³⁹ Customers could barely see into these closed offices due to the bars, frosted glass, and partitions, but even if they could, they would have had difficulty making eye-contact with clerks since the clerks were either not facing the customers, or had an employee sitting in front of them blocking the clerk's vision. At the closed office, no one's view was privileged above any others'. But at open offices, employees faced forward, ready to be seen by customers. As a Bell employee magazine noted, open offices were designed with "each associate's desk facing

⁴³⁴ *Commerce Journal* 4, no. 1 (August 1923): 5, Box 470, Folder 6, SCE Records.

⁴³⁵ Business historian Angel Kmolek-Folland has found that early post-Civil War insurance company offices featured a separate room for managers, with four or five other employees working in a separate room. Managers therefore had their privacy and individuality, Kmolek-Folland argues. Similar office designs, known as the "T-plan suite," survived into the early twentieth century and featured one room for clerks and an adjoining room executives. Yet even clerks in these offices had some privacy from the scrutinizing gaze of their office superiors, unlike in the open office. Ref. Angel Kmolek-Folland, *Engendering Business: Men and Women in the Corporate Office, 1870-1930* (Baltimore: The Johns Hopkins University Press, 1994), 106; Dell Upton, *Architecture in the United States* (New York: Oxford University Press, 1998), 207.

⁴³⁶ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 17.

⁴³⁷ Robt. E. Power, "Business Office Management," in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 1, 8; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T-TX.

⁴³⁸ Michel Foucault, *Discipline and Punish: The Birth of the Prison*, trans by Alan Sheridan (New York: Vintage Books, 1979).

⁴³⁹ Office at Wisconsin Traction, Light, Heat & Power Co., 1908, http://www.officemuseum.com/1908_Office_6_Workers_Hidden_Burroughs.jpg

the entrance.”⁴⁴⁰ Like iron filings toward a magnet, the open offices pulled the gaze of employees toward customers.



A closed office of the Edison Electric Company in Long Beach, California, 1905. A customer, wearing a hat, is barely visible in the back of the photograph.⁴⁴¹

⁴⁴⁰ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁴⁴¹ “Edison Electric Company Office Staff, Long Beach,” 1905, Image number “SCE_01_00784,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/309/rec/1>
The photograph of the Wisconsin Traction, Light, Heat & Power Co. from 1908 also provides a good illustration of the closed office, see: http://www.officemuseum.com/1908_Office_6_Workers_Hidden_Burroughs.jpg



An open office of the Southern California Edison Company in Pomona, California, 1923. The corporate hierarchy within the office was arranged spatially.⁴⁴²

In addition to the visibility of clerks and managers, the cleanliness of the office also began to draw the attention of utility executives in the Progressive Era. Photographs and descriptions of early offices reveal these spaces had dirty windows, dim lighting, and dusty and cluttered counters piled with loose papers, empty inkwells, old books, and broken lamps and machines. Spittoons and overflowing garbage cans lingered on the floor, wires stretched across the walls, and cobwebs clung to the ceilings. Desks seemed to have been crammed into every available space with little thought save immediate necessity. Some of these desks were the once-popular roll-tops variety in which employees stuffed papers into every nook and cranny.⁴⁴³ But when utility executives began opening their offices to customer inspection, they also began demanding a clean orderly office. Changes included installing overhead lights instead of desk lamps, and using flat desks rather than roll-tops, and placing drawers underneath counters in order to remove clutter from the view of customers.⁴⁴⁴

The open office seems to have originated in Southern California but electricity companies as far east as Boston also reported removing their clerks from behind bars. A significant number of Bell System offices throughout the country also adopted the open office, though they did so later than electricity companies. Photographic evidence

⁴⁴² Image Number "SCE 02-08845," Pomona, California district office in 1923, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/20569/rec/2>

⁴⁴³ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 8-9; C. Wright Mills, *White Collar: The American Middle Classes* (New York: Oxford University Press, 1951), 190; Cindy Sondik Aron, *Ladies and Gentlemen of the Civil Service: Middle-Class Workers in Victorian America* (New York: Oxford University Press, 1987), 163.

⁴⁴⁴ Robt. E. Power, "Business Office Management," in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 3; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T-TX.

indicates that the open office was in use in the electricity industry as early as 1910 in some district offices in Southern California. They begin to appear in the telephone industry at least five years later. In 1914 the Pacific Telephone & Telegraph Company still had not adopted the open office as indicated by the company's description of its Alameda, California office, which featured a "counter and gratings...of a design usually seen in banks."⁴⁴⁵

The connection to banking architecture was not coincidental. The high-counters, grating, and glass of early-twentieth century utility offices were directly inherited from banking architecture of the late-nineteenth century. As Naomi Lamoreaux has shown, bankers in the early nineteenth century maintained a close relationship with their borrowers, who were often relatives, friends, or even the bank's own directors. Bank architecture at that time reflected this close relationship through the open office. By the late-nineteenth century, however, this practice of "insider lending" had declined and the growing financial separation between owners and borrowers was reflected in the closed offices. Bankers were now on the inside, hidden behind bars and high counters. Indeed, Max Weber's "iron cage" of capitalism was no mere metaphor in the late-nineteenth century.⁴⁴⁶ Meanwhile, borrowers were on the outside and no longer had easy access to the bank's reserves, physically or socially.⁴⁴⁷

Samuel Kennedy was aware of the architectural genealogy of the closed office and chafed against it when trying to change utility office designs. Kennedy had served as the director of a small bank before moving to the electricity industry, and had once tried to implement his design ideas at the bank he worked at but without success. Kennedy did not believe that bars would prevent robberies, as many commonly argued, and instead believed that the real consequence of such obstructions was poor customer service.⁴⁴⁸ "There is something, some hereditary feeling that public utility offices should be hemmed in with all kinds of obstructions," Kennedy complained. "We do a lot of things because the people who were before us did the same things," Kennedy noted, but "what do banks need them for?"⁴⁴⁹

Eventually banking architecture would come full-circle and re-adopt the open office. Louis Sullivan took hesitant steps toward the open office in the 1910s by

⁴⁴⁵ "Alameda Exchange Has Club House," *Pacific Telephone Magazine*, December 1914, AT&T-TX.

⁴⁴⁶ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (New York: Charles Scribner's Sons, 1958), 181; "Bank Buildings," special issue, *The Architectural Review*, March, 1905; John M. Anderson, "The Man in the Cage: Some Things that Happen in the Day's Work of the Paying Teller," *The Saturday Evening Post*, February 1, 1908, 5; *Illinois Merchant Bank Building* (Chicago: Illinois Trust Safety Deposit Company, 1922); D. C. Thomas, "New Type Business Office Has No Counters," *Southern Telephone News*, January 1929, 9, AT&T-TX; Angel Kmolek-Folland, *Engendering Business: Men and Women in the Corporate Office, 1870-1930* (Baltimore: The Johns Hopkins University Press, 1994), 109.

⁴⁴⁷ Naomi R. Lamoreaux, *Insider Lending: Banking Personal Connections, and Economic Development in Industrial New England* (Cambridge: Cambridge University Press, 1994), photographic insert between pages 83 and 84.

⁴⁴⁸ Alfred Hopkins, *The Fundamentals of Good Bank Building* (New York: The Bankers Publishing Company, 1929), 75.

⁴⁴⁹ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 17-18.

designing banks with open counters for employees not dealing directly with cash, though tellers still remained behind bars. Sullivan's goal was the same as utility executives, to dispel the secrecy and suspicion surrounding big business institutions and improve customer service.⁴⁵⁰ In 1928, a bank president named John Poole patented an open bank counter "to bring the bank officials and those dealing with them into more intimate contact thereby contributing to the art of making friends," the patent read.⁴⁵¹ The open office idea spread slowly, but by the mid-1950s, banks in Manhattan designed by architectural firm Skidmore, Owings & Merrill boasted that customers could transact business "over the tops of open counters free from bars and grille work."⁴⁵²

This re-adoption of the open office in the banking industry occurred after utilities managers discovered that customers responded favorably to the new open offices. A Bell manager from California reported that his new open office was "enthusiastically received" by his customers and that customers told him "they greatly appreciate the efforts being made by the telephone company to give them the best of service in every respect."⁴⁵³ Another manager from a small town in Massachusetts reported that he removed the "cage" from around his clerk and now:

customers come in, put down their bundles, lean over the desk and talk to him while they are going through the process of paying their bills. They like it lots better than they did to push their bills in a little window along with their money. If you can get a man to lie down across the counter while you take away his money, you have got him right by the neck.⁴⁵⁴

The stenographer recording the meeting noted "laughter" after this last comment. Indeed, executives may have laughed all the way to the bank.⁴⁵⁵

Customers were not the only ones seduced by the new design. The same Massachusetts manager as above noted that his cage-free clerk also liked the new open design and his work showed it. "The cashier says he didn't like looking through those bars all day," the manager noted, and observed that the cashier now brought flowers into work to put on his desk. "Well, they have taken you out of the cage, have they," one customer chided the cashier after the renovations, "Guess they aren't afraid you are going

⁴⁵⁰ Ann-Christine Frandsen, Tammy Bun Hiller, and Elton G. McGoun, "Reloaded: The Architecture of Trust," <http://merlin.mngt.waikato.ac.nz/ejrot/cmsconference/2009/Stream2/Money%20Reloaded%20-%20The%20Architecture%20of%20Trust.pdf>, 9.

⁴⁵¹ John Poole, Bank Counter, US Patent 1,673,639, filed November 19, 1927, and issued June 12, 1928.

⁴⁵² Manufactures Trust Company, New York, "Welcome...to Our New Fifth Avenue Office," October, 1954, 5, pamphlet included with Manufactures Trust Company, New York, *A New Concept in Bank Design* (New York: W.E. Rudge's Sons, 1954), Environmental Design Library, University of California, Berkeley; Ann-Christine Frandsen, Tammy Bun Hiller, Janice Traflet, and Elton G. McGoun, "From Money Storage to Money Store: Openness and Transparency in Bank Architecture," *Business History* 55, no. 5 (2013): 696.

⁴⁵³ "Vallejo Office Tries Innovation," *Pacific Telephone Magazine*, March 1929, 24, AT&T-TX.

⁴⁵⁴ John P. Ingle, manager of the Haverhill Gas Light Company in Haverhill, Massachusetts speaking in the post-speech discussion over "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 32.

⁴⁵⁵ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 32.

to run away any more.”⁴⁵⁶ Another manager in 1929 reported that his new open office had not only been “enthusiastically received by...customers,” but also permitted “a most friendly attitude on our part.”⁴⁵⁷

The Unit Plan

After electricity executives developed the architectural strategy of the open office, members of the Bell System began experimenting with an organizational strategy called the unit plan in the early 1920s. Like the open office, the unit plan was also intended to improve customer service and enhance public opinion toward monopolies. Under the unit plan, a specific set of employees were assigned to a specific set of subscribers based on where the customers lived. When customers entered the telephone office, rather than waiting for the next available clerk, they were greeted by a “floor director” who asked the customers where they lived and directed them to the appropriate set of clerks. Telephone operators did the same when customers called with service questions. With special wiring installed in offices, customers were transferred directly to *their* clerks. Each unit of clerks was assigned approximately 9,000 subscribers and was overseen by a designated manager.⁴⁵⁸

To allow a smaller number of clerks to handle all the service needs of their customers, clerks working under the unit plan were trained as “generalists” rather than “specialists,” as the company called them.⁴⁵⁹ At exactly the same time as Bell System employees on the assembly line were being deskilled and transitioned from generalists to specialists, the reverse was occurring to Bell employees who labored on the customer service line.⁴⁶⁰

Executives adopted the unit plan in response to customers who did not like the anonymity and impersonal service at large urban telephone offices. One customer, who preferred small-town life, but found himself living in Atlanta, complained that:

here you go to this big office and stand in line like you were buying tickets at a baseball game, and some young fellow waits on you that you never saw before, and most of the subscribers never see the manager and wouldn't know him if they

⁴⁵⁶ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 32. One business journalist from the 1920s traced the practice of bringing flowers to work to the practice of bringing flowers to the sick at hospitals. William H. Leffingwell, ed., *Making the Office Pay: Tested Office Plans, Methods, and System that Make for Better Results from Everyday Routine, Secured from the Offices of the Hundreds of Successful Business Men who Are Using them to Increase Profits by Cutting Costs* (Chicago: A.W. Shaw Company, 1918), 27.

⁴⁵⁷ “Vallejo Office Tries Innovation,” *Pacific Telephone Magazine*, March 1929, 24, AT&T-TX

⁴⁵⁸ “The Unit Plan: Bill Simmons Thought We Should Get Closer to Subscribers—and That’s What We Are Doing,” *Southern Telephone News*, January 1922, 7, AT&T-TX.

⁴⁵⁹ “The Unit Plan: Bill Simmons Thought We Should Get Closer to Subscribers—and That’s What We Are Doing,” *Southern Telephone News*, January 1922, 8, AT&T-TX.

⁴⁶⁰ Richard Gillespie, *Manufacturing Knowledge: A History of the Hawthorne Experiments* (Cambridge, UK: Cambridge University Press, 1991), 13-15.

saw him. I reckon they do the best they can, having so many people to serve, but I like to know the man I'm dealing with, myself.⁴⁶¹

This customer's experience matched the "union of closeness and remoteness" that George Simmel discussed in his celebrated essay "The Stranger."⁴⁶² Managers believed the unit plan would solve the problem of customers feeling like strangers by assigning a small unit of clerks to a set of customers based on neighborhood. According to one Southern Bell employee, the unit plan would "permit that same close relationship between the company's representatives and the patron as exists in the small exchange."⁴⁶³ Since subscribers would have repeated contact with the same clerks the unit plan would generate "a more intimate acquaintanceship" in the words of one Bell manager.⁴⁶⁴ By employing the unit plan, the multistate Southern Bell Telephone executives sought to reverse the anonymity of the large corporation in the big city and instead emulate the general store in small town USA.

The adoption of the unit plan by Bell System offices was not uniform, however. Due to the Bell System's decentralized structure, organizational and architectural innovations at one operating company did not necessarily transfer to other companies, at least not immediately. In some cases, innovations came from different industries and were also unevenly adopted.⁴⁶⁵ While Bell's Atlanta office ran the unit plan of clerical organization on top of its architectural strategy of the open office, others Bell companies ran neither, or just one of the two innovations. The Bell office in Seattle, for example, implemented the unit plan in 1922, but not the open office. In fact, Seattle employees were proud of their "collection tellers' counter...with a bronze grille of pleasing design."⁴⁶⁶ In San Francisco, commercial office managers also employed the unit plan, yet as late as 1925, they approvingly described their "tellers' cages" and the "parapets on the counters...of bronze, with chipped glass panels."⁴⁶⁷ These architecture features would not have impressed many electricity executives, or the managers at Atlanta's Bell office by the mid-1920s.

Yet, since the Seattle and San Francisco offices did use the unit plan, they employed polite floor greeters. In Seattle, the floor greeter was described as "not only for the purpose of directing people and answering any question, but for the purpose of greeting every one cheerfully and seeing that all those entering the office are promptly

⁴⁶¹ Whether or not the author of the article made up this quote from "Bill Simmons," it still reveals the thinking of company managers in adopting the unit plan. "The Unit Plan: Bill Simmons Thought We Should Get Closer to Subscribers—and That's What We Are Doing," *Southern Telephone News*, January 1922, 7, AT&T-TX.

⁴⁶² George Simmel, "The Stranger," (1908) in *On Individuality and Social Forms: Selected Writings*, ed. Donald N. Levine (Chicago: The University of Chicago Press, 1971), 143.

⁴⁶³ "The Unit Plan: Bill Simmons Thought We Should Get Closer to Subscribers—and That's What We Are Doing," *Southern Telephone News*, January 1922, 7, AT&T-TX.

⁴⁶⁴ "The Unit Plan: Bill Simmons Thought We Should Get Closer to Subscribers—and That's What We Are Doing," *Southern Telephone News*, January 1922, 7, AT&T-TX.

⁴⁶⁵ Robert W. Garnet, *The Telephone Enterprise: The Evolution of the Bell System's Horizontal Structure, 1876-1909* (Baltimore, MD: The Johns Hopkins University Press, 1985), 154.

⁴⁶⁶ "New Seattle Business Office a Source of Pride," *The Pacific Telephone Magazine*, April 1922, 26, AT&T-TX.

⁴⁶⁷ "San Francisco's New Business Office," *The Pacific Telephone Magazine*, July 1925, 20, AT&T-TX.

and courteously waited up.”⁴⁶⁸ The closed yet courteous offices in Seattle and San Francisco show that courteous capitalism preceded the open office in many locations.

Most behind the times was the Bell office in Pasadena, which built a new commercial customer service center in 1927 featuring high counters and wood partitions, although no grilles, and did not use the unit plan, despite having 32,000 subscribers.⁴⁶⁹ In the same year, however, the Spokane Bell office built a new open office with no partitions and did employ the unit plan.⁴⁷⁰ Spokane therefore adopted the unit plan, pioneered five years earlier in Atlanta, and the open office, adopted by the Bell office in Atlanta in 1922 yet pioneered by the Southern California Edison Company in 1910.⁴⁷¹ Office innovations traveled across the country and across industries. Sometimes, innovations began in one industry and were picked up and refined in another.

Counterless Offices

Electricity executives developed the open office by eliminating the bars and lowering the counters, yet telephone executives took the revolution in corporate architecture one step further by removing the counters altogether. Beginning in the mid-1920s, Bell managers introduced what they appropriately called the “counterless office.” As its name implies, the counterless office had no counters dividing customers from clerks. Instead, clerks sat at individual desks with one or two chairs facing them. Each furniture constellation was comfortably spaced from others so that customers could easily walk around, and even behind, the desks in order to reach a free clerk. This provided an unprecedented level of physical and visual access in the utility office.⁴⁷²

⁴⁶⁸ “New Seattle Business Office a Source of Pride,” *The Pacific Telephone Magazine*, April 1922, 26, AT&T-TX.

⁴⁶⁹ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX; “Big Pasadena Job Successfully Accomplished,” *The Pacific Telephone Magazine*, September 1927, 3-6, AT&T-TX.

⁴⁷⁰ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁴⁷¹ There’s no direct evidence that the Atlanta office adopted the open office after learning about it from the Southern California Edison Company, but there is a lot of photographic evidence showing that many Bell offices were closed offices with grilles and grating in the 1910s.

⁴⁷² “Further Steps Taken Toward Greater ‘Teamwork for Service’ in Chicago,” *Bell Telephone News*, (Chicago), August 1927, 2, AT&T-TX.



A counterless office in Oakland, California some time between 1927 and 1930. The clerks' desks face the front of the office. The manager and his secretary sit in the background of this photograph facing both entering customers and clerks. Two bouquets of flowers sit by the hat rack to the left of the manager while another sits on the top of the bookcase between the manager and the secretary.⁴⁷³

When customers entered a counterless office they were greeted by a "first contact clerk," whose job was similar to that of a greeter under the unit plan but more closely resembled a host at a restaurant. Rather than just point customers to the correct line at the counter, the floor director directed customers to a chair at the desk of a free clerk. If no clerks were available, customers were invited to sit down in comfortable upholstered chairs in a waiting area.⁴⁷⁴ The *Pacific Telephone Magazine* described what happened once a female customer was introduced to a free clerk: "Good morning, Madam! Will you be seated?' This is the gracious manner in which subscribers are being introduced to the satisfactory personal service in Alhambra's new counterless business office."⁴⁷⁵

At counterless offices workers were even more visible to managers because the manager's desk was located at the side of the office, rather than at the back. Rather than having a profile view of clerks, however, the manager's desk was angled slightly toward

⁴⁷³ Photograph "13706," Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities-3545 E. 14th St. Business Office, 1927-1930," Box 88; Record Group No. 4; Collection No. 6: AT&T Corp.; Courtesy of AT&T Archives and History Center.

⁴⁷⁴ "New Telephone Home for Southern California," *The Pacific Telephone Magazine*, October 1930, 14, AT&T-TX.

⁴⁷⁵ "Alhambra's Counterless Office," *The Pacific Telephone Magazine*, February 1929, 28, AT&T-TX.

the entrance so that the manager could see customers when they entered the office and could also see clerks as they waited on customers.⁴⁷⁶

As indicated by the Bell System's limited use of the open office, executives were never fully satisfied with that design. But once the counterless office was introduced, Bell managers around the country adopted it in earnest. The earliest mentions of the counterless office date to 1927, but by 1929 there were nearly 300 such offices.⁴⁷⁷ A year later, that number would go up to 444.⁴⁷⁸

The development of the counterless office came a time when top Bell officials began focusing even more of their attention on office architecture as a possible way to improve customer service. In 1927, AT&T vice-president, Bancroft Gherardi summarized a recent set of executive meetings, informing another executive who had been absent that "the matter of business office service came in for considerable discussion." A partner at one of Bell's favorite architecture firms had been invited to the meetings and his "talk on the appearance of telephone buildings touched upon a matter in which we are all much interested." The goal in redesigning commercial offices, Gherardi acknowledged, was to make "every subscriber to feel that he would like to have contact with our commercial office again."⁴⁷⁹

Goffman and Job Performance in the Front Region

By removing the obstructions to bodies, sights, and sounds, open and counterless offices created a "front region" where the company's "performance" took place, even as the location of actual bookkeeping was removed to the "back region," to use both the terminology of sociologist Erving Goffman and executives. "The manager cannot give too much attention to what goes on in the front of his office," Kennedy stressed in *Winning the Public*.⁴⁸⁰ "There are no records in the public office, they are kept in the interior office," explained a *Southern Telephone News* editor about a counterless office built in New Orleans in 1929.⁴⁸¹ If employees did not display "that distinguished performance in the service of customers," as one NELA committee termed it, managers were not afraid to fire them.⁴⁸² "Get your employees to do what you want in their

⁴⁷⁶ Photograph "13707 - FJ Marshall Dist Com. Mgr, Counterless Business Office, 2545 E. 14th St., Oakland, CA," Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities-2545 E. 14th St. Business Office, 1927-1930, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX.

⁴⁷⁷ "Further Steps Taken Toward Greater 'Teamwork for Service' in Chicago," *Bell Telephone News*, (Chicago), August 1927, 2, AT&T-TX.

⁴⁷⁸ "Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company," in *Operating Papers Conference - Absecon, New Jersey, Year 1931*, 14; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX.

⁴⁷⁹ Bancroft Gherardi, vice-president, AT&T, New York, to H. D. Pillsbury, president PT&T, San Francisco, 24 June 1927, 3-4, File: Conference, 1925-1933; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX

⁴⁸⁰ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 79-80.

⁴⁸¹ D. C. Thomas, "New Type Business Office Has No Counters," *Southern Telephone News*, January 1929, 9, AT&T-TX.

⁴⁸² "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 281.

contacts with the public,” advised Kennedy “if they don’t, take them away. There are some men who can never be toned up. Shove such men away back where they can do the company no harm.”⁴⁸³ Kennedy was also known to hand-pick certain clerks for important customer service roles in the front region.⁴⁸⁴

This division of space included a division of labor. In the early twentieth century, clerks who labored on books often shared an office with clerks who labored on customers. In many cases, the same clerks did both jobs. But the office in which those clerks worked was closed and highly opaque to customers.⁴⁸⁵ With the advent of open and counterless offices, those who kept the books were written out of the play and removed from the customers’ sight. Public relations, not just organizational efficiency, provided the major motivation for this change. This division of labor and space may have been less efficient. In 1929, the *Southern Telephone News* explained that, “when the commercial representatives in the public office need records while dealing with customers, they call employees in the interior office who give the information desired,” either by telephone or by a messenger. The interior office, the article noted, contained “69 employees who do the clerical work,” none of whom the customer could see.⁴⁸⁶ At a Pacific Telephone building in Spokane, the customer service office was located on the first floor while the accounting office was on the eighth floor.⁴⁸⁷ The isolation of the increasingly-specialized account clerks affected their work experience. The treasurer of one electricity company observed in 1927 that “it has been said, and it is more or less true, that the work of the accountant being cloister work, so to speak, is narrowing and confining and gets one out of touch with the rest of human beings and sort of de-humanizes one.” This had not always been the case he lamented, but “with the expansion and growth of the business, that situation has passed.”⁴⁸⁸

⁴⁸³ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 21.

⁴⁸⁴ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 25, 21; W. H. Hamilton, discussion about S. M. Kennedy’s pamphlet “Service,” Second General Session, May 20, 1920, *NELA Proceedings* (1920), 58-59; Samuel Insull, speech given at the annual meeting of the NELA, Commonwealth Edison Company Section, held in Customers Hall, Edison Building, Chicago, October 30, 1919,” 10, Folder 20-6, Insull Papers; Robt. E. Power, “Business Office Management,” in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 4; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T-TX; “The Counter,” *The Pacific Telephone Magazine*, February 1920, 3, AT&T-TX.

⁴⁸⁵ Image Number “SCE 01 00592,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

<http://cdm16003.contentdm.oclc.org/cdm/singleitem/collection/p16003coll2/id/287/rec/10>

⁴⁸⁶ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 9, AT&T-TX.

⁴⁸⁷ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁴⁸⁸ C. L. Campbell, Treasurer, Connecticut Light & Power Company, “Broadening the Accountant’s Duties,” *NELA Proceedings* (1926), 297.

In the 1920s, customer service offices appeared to be open, but they really had a great deal going on behind the scenes. These offices fit remarkably well into what Henri Lefebvre called the “illusion of transparency.” In *The Production of Space*, Lefebvre argued that hegemonic forces utilized space by employing the illusion of transparency. Lefebvre defined the illusion of transparency as follows:

Here space appears as luminous, as intelligible, as giving action free rein... a view of space as innocent, as free of traps or secret places. Anything hidden or dissimulated—and hence dangerous—is antagonistic to transparency, under whose reign everything can be taken in by a single glance from that mental eye which illuminates whatever it contemplates. Comprehension is thus supposed.”⁴⁸⁹

The front region of open and counterless offices were designed to appear transparent in an effort to please customers, but the existence of an unseen back region made that transparency an illusion. A counterless office in New Orleans featured a “public office” where a manager dutifully stationed himself so that “those wishing to see him can do so conveniently.” Yet behind this public office was an “interior office,” where, “conveniently located, apart from the public office” collectors, an assistant manager, and even a “service observer” worked.⁴⁹⁰ These service observers listened-in on clerks when they dealt with customers via microphones mounted inside clerks’ desks. Service observers also listened-in on customers when they placed phone calls to company clerks.⁴⁹¹ Even when customers toured utilities, there was a lot they did not know about these seemingly transparent offices.

Courtesy by Design

The idea of providing visibility in the front region to improve public relations also influenced the design of corporate space in the back region. Engineers designed telephone switchboards specifically to improve public opinion toward monopolies. Scholars such as David Noble and Michael Burawoy have shown that engineers designed machines and factory layouts, not just to increase production, but also to individualize employees and sow discord among workers.⁴⁹² Telephone switchboards present a case in which engineers designed machines to mold the political sentiments of customers. Switchboard engineers designed switchboards to maximize operator supervision because they believed that would improve customer-service and dispel antimonopoly sentiment.

⁴⁸⁹ Henri Lefebvre, *The Production of Space*, trans. Donald Nicholson-Smith (Malden: MA: Blackwell Publishing, 1991 [1974]), 27-28.

⁴⁹⁰ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 9, AT&T-TX.

⁴⁹¹ “The Work of the Commercial Department: Part I: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 9-10; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

⁴⁹² David F. Noble, *Forces of Production: A Social History of Industrial Automation* (New York: Oxford University Press, 1986); Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process Under Monopoly Capitalism* (Chicago: University of Chicago Press, 1979), 81-82.

Engineers considered operator supervision as a primary design criteria, while also keeping in mind the cost of ownership, operator usability, and call-connection speed.⁴⁹³

By the turn of the century, the goal of increasing operator supervision resulted in a switchboard design and operating room layout with the utmost operator supervision.⁴⁹⁴ Unlike previous designs, operating room layouts by 1900 featured switchboards located against three walls of a room, forming a *U* shape. Operators sat on the inside of the *U* facing outward towards the walls, while several supervisors stood directly behind the operators. The monitor and the chief operator sat at the top of the *U* and enjoyed their panoptic position where they could see everyone without being easily seen.⁴⁹⁵

This U-shaped, or horseshoe layout, was in no sense inevitable. Early switchboard designs demonstrate that many alternative routes could have been taken. As one operator recalled about the early days of telephone operation, “there were almost as many kinds of switchboards as there were central offices.”⁴⁹⁶ One early design, known as a “lamp-shade” or “pyramid” layout, placed four operators around a central column of switchboards. Yet this design made supervision difficult.⁴⁹⁷

⁴⁹³ Kempster B. Miller, “Modern Telephone Engineering,” Lecture Delivered before the New York Electrical Society, February 14, 1901 (New York: New York Electrical Society), 4; John E. Kingsbury, *The Telephone and Telephone Exchanges: Their Invention and Development* (London: Longmans, Green and Co., 1915), 365; Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 26, 34, 43-45.

⁴⁹⁴ Kempster B. Miller, “Modern Telephone Engineering,” Lecture Delivered before the New York Electrical Society, February 14, 1901 (New York: New York Electrical Society), 9.

⁴⁹⁵ Arthur Vaughan Abbott, *Telephony: A Manual of Design, Construction, and Operation of Telephone Exchanges* (New York: McGraw, 1903), 26; Kempster B. Miller, “Modern Telephone Engineering,” Lecture Delivered before the New York Electrical Society, February 14, 1901 (New York: New York Electrical Society), 2; F. Barrows Colton, “The Miracle of Talking By Telephone,” *The National Geographic Magazine*, October, 1937, 407, Box 485, Folder 1, SCE Records.

⁴⁹⁶ R.T. Barrett, “The Changing Years as Seen from the Switchboard,” *Bell Telephone Quarterly*, April 1935, 113

⁴⁹⁷ F. Barrows Colton, “The Miracle of Talking By Telephone,” *The National Geographic Magazine*, October, 1937, 410, Box 485, Folder 1, SCE Records.



A U-shaped Bell System operating room, 1914. This design commonly existed since at least 1906. A Bell employee describes this as “a typical exchange.” The chief operator, sitting in the middle, oversees the standing assistant supervisors who oversee the operators facing the walls.⁴⁹⁸



An early “lamp-shade” or “pyramid” switchboard from around 1882.⁴⁹⁹

⁴⁹⁸ “The Reality—A Typical Exchange,” *Pacific Telephone Magazine*, October 1914, 14, AT&T-TX; “The Work of the Traffic Department: Part I: *Organization, Employment & Training, Operator’s Quarters, Local Operating, and Toll Operating: Reading Assignment: Employees’ General Training Course, The Pacific Telephone and Telegraph Company, 1928, 4; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 6: Publications—Non-Periodic, 1928; Courtesy of AT&T Archives and History Center.*

⁴⁹⁹ F. Barrows Colton, “The Miracle of Talking By Telephone,” *The National Geographic Magazine*, October, 1937, 410, Box 485, Folder 1, SCE Records.

In the mid-1880s, some designers placed the switchboards against the walls of the operating room with operators facing the boards, much like the horseshoe layout, but engineers made use of the empty space in between the wall-mounted switchboards by placing pyramid switchboards in the middle. In this early layout, the head supervisor's desk did not face the backs of most operators but was instead arranged in line with one of the rows of operators, but facing the opposite direction, which made supervision difficult.⁵⁰⁰ Another design, from 1896, featured switchboards mounted on a single wall, but on two floors, the second being a loft, which also made supervision difficult.⁵⁰¹ In other cases, switchboards were mounted horizontally, parallel to the floor, and operators faced each other across the board, as if playing chess. In these layouts, one row of operators had their backs to the supervisor while the other row faced both the supervisor and the other row of operators.⁵⁰² These face-to-face layouts resembled the arrangement of large telegraph offices.⁵⁰³

Yet none of these early switchboard designs endured. By the early twentieth century the horseshoe layout became the standard, partly because it permitted a high level of supervision, which engineers had long desired.⁵⁰⁴ At a switchboard design conference in 1891 engineers decided to create operating rooms with enough space for supervisors to do their "patrolling," which previous designs lacked.⁵⁰⁵ In 1895, engineers added a small light on the front of each switchboard panel to further aid supervisors in their oversight of operators. Engineers called the lights "supervisory signals" and specifically designed them to tell supervisors whether an operator was on or off a call. The light illuminated whenever an operator was not on a call so there could be no pretending to work.⁵⁰⁶ Switchboard designs also permitted supervisors to plug in their own headset next to any

⁵⁰⁰ Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 57.

⁵⁰¹ *Bell Telephone Quarterly*, July 1925, 211.

⁵⁰² Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 29.

⁵⁰³ "General Operating Department, Western Union Telegraph Building, New York," photograph, 1875, Library of Congress, <http://loc.gov/pictures/resource/cph.3b26096/> (accessed January 7, 2016); "Switch general operating department, Western Union Telegraph Building, New York," photograph, 1875, Library of Congress, <http://loc.gov/pictures/resource/cph.3b25819/> (accessed January 7, 2016).

⁵⁰³ "Barclay telegraph instruments. Showing instruments on stand with women operators. One handling the receiving tape," Cincinnati, Ohio, photograph, 1908, Library of Congress; "Barclay telegraph instruments. Showing instruments on stand with women operators. One handling the receiving tape," Cincinnati, Ohio, photograph, 1908, Library of Congress, <http://hdl.loc.gov/loc.pnp/cph.3a37570> (accessed January 7, 2016).

⁵⁰⁴ R. S. Masters, R. C. Smith, and W. E. Winter, *An Historical Review of the San Francisco Exchange* (San Francisco: Pacific Telephone and Telegraph Company, 1927), 62; F. Barrows Colton, "The Miracle of Talking By Telephone," *The National Geographic Magazine*, October, 1937, 407, Box 485, Folder 1, SCE Records.

⁵⁰⁵ Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 29, 45.

⁵⁰⁶ John E. Kingsbury, *The Telephone and Telephone Exchanges: Their Invention and Development* (London: Longmans, Green and Co., 1915), 385-86; R.T. Barrett, "The Changing Years as Seen from the Switchboard," *Bell Telephone Quarterly*, April 1935, 117; Stephen H. Norwood, *Labor's Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 34, 37; Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 45.

operator in order to listen to her handle calls.⁵⁰⁷ The monitor and head operator could also listen in on any operator they chose, all without leaving their desks.⁵⁰⁸ Engineers also designed large telephone exchanges capable of handling all the calls in one city, rather than have multiple small exchanges scattered throughout a city, as had been the case in the nineteenth century, specifically to permit greater managerial supervision.⁵⁰⁹ In the last two decades of the nineteenth century, engineers consolidated the exchanges, removed the pyramid boards, developed supervisory lights, and popularized the U-shape layout, all in order to increase supervision of operators, improve customer service, and improve public opinion toward monopolies.

This design transformation mainly took place during the period of AT&T's patent monopoly, before the beginning of telephone competition in 1894. It therefore can not be argued that competition inspired these design changes. Bell engineers sought to maximize operator supervision, not to beat the competition, but to keep customers satisfied with the lack of competition. Even during the main period of telephone competition, which lasted from roughly 1894 to 1918, the Bell System still maintained local monopolies and many Americans conceived of the Bell System as a monopolistic monster.⁵¹⁰ During that time, Bell executives conceptualized switchboard-enhanced courtesy as a means to dispel antimonopoly sentiment even while they recognized the competitive advantages of courtesy.

The courtesy-by-design meant so much to Bell executives that they continued to monitor and improve operator courtesy even after they re-secured their near nation-wide monopoly. Bell executives also refused to transition to direct dial phones for a time, even though the technology was available, because Bell officers believed that manual operation produced more personalized service and therefore happier customers.⁵¹¹ Even in the late-1920s, automatic dialing was still far from common within the Bell System.⁵¹² Since operator service could be enhanced through greater supervision, switchboard engineers designed switchboards to maximize supervision and thereby maximize courtesy. In doing so, switchboard engineers embedded the production of operator courtesy into the layout of the switchboards themselves. Eventually, the spatial geography of operating room employees resembled that of commercial office employees. Supervisors in both offices could easily see subordinates, but not vice-versa. And why wouldn't these designs coalesce? Both types of offices had been designed to improve customer service and were intensive sites of courteous capitalism.

⁵⁰⁷ AT&T, *Her Right Place*, video, 1929, <http://techchannel.att.com/play-video.cfm/2013/7/1/AT&T-Archives-Her-Right-Place>.

⁵⁰⁸ Stephen H. Norwood, *Labor's Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 37.

⁵⁰⁹ Kempster B. Miller, "Modern Telephone Engineering," Lecture Delivered before the New York Electrical Society, February 14, 1901 (New York: New York Electrical Society), 2-3.

⁵¹⁰ Robert MacDougall, *The People's Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 1-18.

⁵¹¹ Ethel Best, Department of Labor, *The Change from Manual to Dial Operation in the Telephone Industry* (Washington: Government Printing Office, 1933), 1-4; Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 116, 118, 123, 127, 131.

⁵¹² "Big Pasadena Job Successfully Accomplished," *Pacific Telephone Magazine*, September 1927, 3, AT&T-TX.

The U-shaped telephone operating rooms may have improved courtesy but they hurt the work experience operators by facilitating multiple layers of surveillance. Supervisors formed the first layer of operator surveillance and stood directly behind their subordinates, literally breathing down their necks. These supervisors oversaw just six to twelve women. Next within each operating room came the “monitor” who sat at a special desk that allowed her to listen in on any operator without the operator knowing she was being observed. The monitor reported errors to the “chief operator,” who sat at the top of the *U* and could also listen in on calls anonymously. The chief operator had worked her way up from being a regular operator, but there was no way to advance further. The job represented the highest position a woman could hold within Bell operating departments.⁵¹³ If operators slipped up, they could expect a reprimand from one of their supervisors and sometimes even their fellow operators.⁵¹⁴

This exceptionally tight supervision, caused operators’ fingers to fly over the switchboards, inserting plugs, answering calls, and connecting local subscribers at a rate of one every 3.5 seconds in 1910.⁵¹⁵ By 1930, that number had fallen to just 1.4 seconds for toll calls.⁵¹⁶ When answering a call, operators had to use a rigid set of phrases and speak with exaggerated intonation. Customers frequently lost their temper and verbally abused operators but operators simply had to repeat, “I am *sorry*,”—with an emphasis on *sorry*—and “number please,” until the customer provided the number. If the customer remained uncooperative operators had to transfer them to a supervisor. Operators could not use the bathroom without permission, could not talk to neighboring operators, and could not eat at their stations when a moment offered, which was virtually never.⁵¹⁷ During shift changes, at the sound of a bell, the new shift of operators literally marched single file into the operating room and stood beside the person they were going to relieve. When another bell rang, the operators switched places, the off-duty girls marched out, and the new shift started.⁵¹⁸ Doctors reported that the job frayed the nerves of workers, and accounts from operators reveal the jobs harsh emotional toll.⁵¹⁹ “There’s no way to let out your emotions,” explained one operator in the 1940s.⁵²⁰ Operators endured these conditions all while wearing a heavy head-set, sitting in front of hot switchboards, and with supervisors hovering nearby. Telephone managers hired rest room matrons to tend

⁵¹³ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 31, 37.

⁵¹⁴ “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 11, AT&T-TX; Studs Terkel, *Working: People Talk about What They Do All Day and How They Fell about What They Do* (New York: New Press, 1974), 34.

⁵¹⁵ Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 39.

⁵¹⁶ M.B. French, Traffic Engineer, “Review of Bell System Traffic Operations, 1930,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*,” 9, File: Conference, 1926, 1931, Box 10, Record Group 5, Collection 3, AT&T-TX.

⁵¹⁷ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 34, 38.

⁵¹⁸ *The Story of a Telephone Operator* (1912), 9, Record Group No. 6: Publications, 1893-1912, Collection No. 6: AT&T Corp, AT&T-TX.

⁵¹⁹ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 61, 34.

⁵²⁰ Studs Terkel, *Working: People Talk about What They Do All Day and How They Fell about What They Do* (New York: New Press, 1974), 32-33.

to the health of young operators partly because workers actually needed caretakers after difficult shifts.⁵²¹

Streetcar companies also sought to dissipate the antimonopoly sentiments of their customers through the mechanical design of streetcars and stations. In the late-nineteenth and early-twentieth centuries, urban Americans sharply criticized streetcar companies for their cramped cars, late arrivals, and the thousands of deaths caused by streetcar accidents. The fact that many of these streetcar companies enjoyed monopolies only added insult to injury.⁵²² In many cities, dissatisfaction turned to talk of municipal ownership. As the public began to rebel, streetcar executives began redesigning their cars better serve passengers, dissipate antimonopoly sentiment, and fend-off unwanted regulation. One of the first streetcar executives to engage in this strategy was William McAdoo. In addition to pioneering courteous capitalism, McAdoo also designed his cars and stations to support his motto: “The Public Be Pleased.” Instead of getting by with cramped cars, McAdoo provided plenty of cars to accommodate passengers and designed the center doors for entering and the side doors for exiting. McAdoo also provided spacious, well lit, underground stations, with decorative groin vaulted ceilings and platforms that routed arriving and departing passengers separately.⁵²³ “You are not jostled by people who have just come from New York; they alight on a separate (parallel) platform,” noted one satisfied passenger in 1908, “thus one of the worst features of travel by the New York subway is avoided.” McAdoo also designed his platforms to minimize the step between the platform and the cars to eliminate the need to tell passengers to “watch the step.”⁵²⁴ McAdoo employed these designs, not because he faced competition, but because he did not. His monopoly drove him to attempt to improve public opinion through design.⁵²⁵

McAdoo acknowledged the political motivations of his designs, and his success with his design strategy, during a speech at Harvard University in 1910. “There has been a vast improvement in the past few years in the relations between public service corporations and the public,” McAdoo said, and attributed this to “greater regard for the public convenience and comfort,” as well as to employee courtesy.⁵²⁶ Passengers also

⁵²¹ “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX; “Completed Building Publicly Inspected,” *Pacific Telephone Magazine*, July 1927, 17, AT&T-TX.

⁵²² “Street Car Blockades Grave Menace to Public Comfort,” *Los Angeles Tribune*, October 3, 1911, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; “Legalized Killings,” *Los Angeles Times*, November 20, 1909, in “Pacific Electric Railway from Contemporary Accounts, 1909-1911,” *Timepoints*, special issue, no. 1-12 (January-December 2000).

⁵²³ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 34; Nixola Greeley-Smith, “Whisked Safely and Comfortably from Fourteenth Street to Hoboken in Ten Minutes in Steel Cars wich Are Floored with Cement,” *New York World*, February 17, 1908, Box 12, Volume 1, William Gibbs McAdoo Papers, The Huntington Library, San Marino, California. (hereafter McAdoo Papers).

⁵²⁴ “New York’s Wonderful Underground Transit System,” *New York Leslie’s Weekly*, March 26, 1908, Box 12, Volume 2, McAdoo Papers.

⁵²⁵ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 40.

⁵²⁶ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 40.

noted their appreciation for McAdoo's design features.⁵²⁷ "Men and women who use the Hoboken tunnels...have not failed to notice and appreciate the obvious endeavor on the part of the management of the tunnels to provide in all ways for their comfort," the journal *Outlook* reported in 1910, "even such small devices as ingeniously arranged glass shelves, from which change can be taken with the utmost ease at the ticket office, have caught the eye and made a delightful contrast to the stolid indifference which many transportation companies show to their patrons."⁵²⁸

Many other streetcar firms also designed their cars to affect the politics of passengers. In 1910, the Los Angeles Railway, began redesigning their cars to reduce municipal ownership agitation. The population of Los Angeles had skyrocketed around the turn of the century and the Los Angeles Railway had failed to keep up with demand and passengers were forced to squeeze into the cars.⁵²⁹ The overcrowding became so bad that "refined young women" were forced up against "sport men...so tight that every portion of their bodies touched," noted one reporter. "Consumptives coughed into faces. Men spat out of the windows and the swift motion of the vehicle blew the spray into the faces of those near by," while a "demon" conductor "elbowed his way through the crowd," collected fares, and yelled at passengers to move in as "more fools were crowded into the dense, fetid, disease-breeding pack."⁵³⁰

To simultaneously improve passenger comfort and reduce municipal ownership agitation, the Los Angeles Railway's master mechanic, E.L. Stephens, began experimenting with new car designs. In 1910, Stephens introduced a modified car that required passengers to enter and pay at the back of the car and exit at the front. The design eliminated the need for conductors to push their way through the cars to collect fares and it also eliminated the bottlenecks that occurred when passengers tried to enter and exit through the same doors.⁵³¹ Two years later, passengers complained that women wearing the newly fashionable hobble skirt were taking too long to board the cars. The

⁵²⁷ "In McAdoo Tunnel to Jersey, Fast Fun," *New York Times*, February 16, 1908, Box 12, Volume 1, McAdoo Papers; "To Open Tunnel to Jersey on Feb. 25," *New York Press*, February 16, 1908, Box 12, Volume 1, McAdoo Papers; "One of the Biggest Days in the History of Jersey," *Brooklyn Times*, February 25, 1908, Box 12, Volume 1, McAdoo Papers.

⁵²⁸ "The Right Spirit," *Outlook*, April 17, 1909, 861.

⁵²⁹ "Main St. Car Congestion Worst in Country, Says Bion Arnold," *Los Angeles Tribune*, October 3, 1911, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; "Street Car Blockades Grave Menace to Public Comfort," *Los Angeles Tribune*, October 3, 1911, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵³⁰ "A Section of Hades in Los Angeles" (newspaper article) 1912, E. L. Stephens scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵³¹ "Street Railway Builds 'Pay as You Enter' Cars," (clipping from unknown newspaper) 1911?, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; "P.A.Y. E. Cars," (clipping from unidentified newspaper) 1911?, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; "New 'Pay As You Enter Cars' Will Do Away with Accidents, it Is Claimed," *Los Angeles Examiner*, April 20, 1910, republished in Jim Walker, ed., *The Yellow Cars of Los Angeles: A Roster of Streetcars of Los Angeles Railway and Successors From the 1890s to 1963* (Glendale, CA: Interurbans Publications, 1977), 64; "Rules for Pay-As-You-Enter Car Patrons Issued By L.A. Railway," *Los Angeles Examiner*, May 5, 1910, republished in Jim Walker, ed., *The Yellow Cars of Los Angeles: A Roster of Streetcars of Los Angeles Railway and Successors From the 1890s to 1963* (Glendale, CA: Interurbans Publications, 1977), 65; Jim Walker, *The Yellow Cars of Los Angeles: A Roster of Streetcars of Los Angeles Railway and Successors From the 1890s to 1963* (Glendale, CA: Interurbans Publications, 1977), 71, 311.

skirt featured a very narrow leg opening at the ankle, which made climbing onto high streetcars difficult.⁵³² To solve the problem, Stephens added extra low steps to the company's cars. He also enclosed more of the cars in order to better to protect passengers from cold wind and rain. In 1913, Stephens combined all these changes in the new center entrance "sow belly" car, which featured a low entrance in the middle of car, and two exits at the sides.⁵³³

Stephens also sought to use streetcar design to obtain more emotional labor from conductors. Until 1912, Los Angeles Railway conductors had been forbidden to sit down while working, even when open seats were available. But Stephens gave conductors their own seat to reduce bodily strain and elicit more courteous behavior toward passengers. The idea was encapsulated in a *Los Angeles Examiner* headline reading, "Conductors Happy; Company Provides Seats, Ease for Tired Feet Brings Smiles of Joy."⁵³⁴



A Los Angeles Railway rear-entrance, front exit car, designed in 1910 to fend off municipal ownership. Note that some sections of the car are still not enclosed and that the steps are still high.⁵³⁵

⁵³² "New Side-Door Street Car Solves Hobble Skirt Problem; Low Step Easily Mounted," *Tribune*, January 6, 1913, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; "Center Entrance P. A. Y. E. Car," March, 1913 (clipping from unidentified newspaper), E. L. Stephens scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵³³ "Center Step Car is Placed in Use Here," *Los Angeles Examiner*, November 27, 1912, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California; Jim Walker, *The Yellow Cars of Los Angeles: A Roster of Streetcars of Los Angeles Railway and Successors From the 1890s to 1963* (Glendale, CA: Interurbans Publications, 1977), 70, 114, 116.

⁵³⁴ "Conductors Happy; Company Provides Seats, Ease for Tired Feet Brings Smiles of Joy," *Los Angeles Examiner*, August 24, 1912, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵³⁵ "OERM Snap Shot LA Railway & Yellow Car Trolleys HD," YouTube video, 2:02, posted by Orange Empire Railroad Museum, May 1, 2009, <https://www.youtube.com/watch?v=usqzBMvx6Nc>

Many other streetcar monopolies also sought to use mechanical design to influence political sentiments. In 1910, the Pacific Electric an interurban line, serving Southern California, began using mechanical design to gain the political sympathy of riders. The company had been taken over by the Southern Pacific Railroad in 1910 just as Californians elected Hiram Johnson as governor on an antimonopoly platform that specifically targeting the Southern Pacific.⁵³⁶ Over the course of the 1910s, the Pacific Electric also faced increasingly competition from jitney buses, which often ran along the same routes at the Pacific Electric, but without a franchise permit or other regulation.⁵³⁷ By 1916, the company was losing money and desperate for regulation against jitneys⁵³⁸ In response, the Pacific Electric expanded its terminals, improved the comfort of its cars, and adopted the pay-as-you-enter design. The company did this, not just to gain customers, to but increase public support for regulation against jitneys.⁵³⁹

Passengers responded to the design changes made by streetcar companies the way the companies hoped. “I think it is just dandy,” exclaimed an insightful young woman regarding the seats installed for conductors, “the men will never be cross or unpleasant when they can sit down once in a while.”⁵⁴⁰ Another passenger remarked that the center-entrance cars made it “cheerful to sit in the corners, away from fear of jostling,” and that since the conductors now sat at the entrance, the new side-exit design removed “the temptation to sass the conductor as you go out.”⁵⁴¹ These rosy assessments were not shared by a few of the male passengers, who disliked the fully enclosed cars because they prevented them from jumping out wherever they wanted. The elimination of delays thanks to the lower steps proved acceptable to all, however.⁵⁴²

The idea that streetcars would be designed for rider satisfaction may be obvious, but the examples of McAdoo, Stephens, and the Pacific Electric show that streetcar companies did not make these changes just to attract customers, but also to influence

⁵³⁶ Jim Walker, *Images of Rail: Pacific Electric Red Cars* (Charleston, SC: Arcadia Publishing, 2006), 7-8; Raphael Long, *Red Car Days: Memories of the Pacific Electric* (Glendale, CA: Interurban Press, 1983), 5; George E. Mowry, *The California Progressives* (Berkeley, California: University of California Press, 1951), 74, 83, 118, 278,

⁵³⁷ S. A. Bishop, Claim Agent, “Good News From the Claim Department,” *Pacific Electric Magazine*, July 10, 1916; *The Pacific Electric Magazine*, August 10, 1916, 1.

⁵³⁸ *The Pacific Electric Magazine*, August 10, 1916; “Anent ‘the Sniper,’” *The Pacific Electric Magazine*, August 10, 1916; W.V. Hill, *The Pacific Electric Magazine*, August 10, 1916.

⁵³⁹ ‘True Blue,’ “Something About Contacts,” *Pacific Electric Magazine*, July 10, 1916, 3; “President Shoup Protests,” *The Pacific Electric Magazine*, September 10, 1916; “New Pay as You Enter Cars,” November 26, 1910 in “Pacific Electric Railway from Contemporary Accounts, 1909-1911,” *Timepoints*, special issue, no. 1-12 (January-December 2000); “P.E. To Enlarge Its Terminal Facilities,” November 8, 1910 in “Pacific Electric Railway from Contemporary Accounts, 1909-1911,” *Timepoints*, special issue, no. 1-12 (January-December 2000).

⁵⁴⁰ “Conductors Happy; Company Provides Seats, Ease for Tired Feet Brings Smiles of Joy,” *Los Angeles Examiner*, August 24, 1912, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵⁴¹ Editorial Board, “New Center-Entrance Car Object of Curiosity; Many Shun Vehicle,” *Los Angeles Record*, January 31, 1913, E. L. Stephens scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵⁴² “New Side-Door Street Car Solves Hobble Skirt Problem; Low Step Easily Mounted,” *Tribune*, January 6, 1913, E. L. Stephens Scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

politics and avoid municipalization. Technical design and public opinion were in constant give and take and the political sentiments of riders was an important design consideration.

Like switchboard designs, these streetcar designs improved customer satisfaction but degraded the work experience of workers. One passenger argued that the new center-entrance cars made the less likely to “sass the conductor,” but one conductor groaned that, because of his new centralized location in the car, he had to “listen to all the mean things the passengers say about the company, seeing [as] they can’t pass by the conductor when leaving.” And while conductors no doubt enjoyed being able to sit down on their new stools once in a while, the location of these stools in the middle of the cars made the job of supervising passengers more difficult. Conductors complained that they could only see half the car at once while sitting in the middle. “It’s cruelty to animals,” one conductor griped, “I can’t even turn round without losing a fare.” Though passengers imagined that the new design made them less likely to “sass the conductor,” one conductor groaned that due to his new centralized location in the car, he had to “listen to all the mean things the passengers say about the company, seeing [as] they can’t pass by the conductor when leaving.”⁵⁴³

Diffusion of Supervision

Historians of white collar culture have often addressed the question of why low-level employees, such as operators, conductors, and clerks, subjected themselves to such harsh surveillance and discipline. Some scholars, such as Stephan H. Norwood and Clark Davis, have argued that companies offered better pay and benefits in order to entice workers to endure these working conditions and cast their lot with their employers.⁵⁴⁴ Davis and Oliver Zunz have also argued that white-collar work offered the potential for upward mobility, which meant, not only an increase in pay, but also additional prestige and autonomy.⁵⁴⁵ While Zunz believed that middle-managers played a key role in creating corporate culture, Alfred Chandler has argued that business discipline mainly came from top-level executives.⁵⁴⁶

The history of utility architecture contributes to this work by showing that, at electricity and telephone companies, the disciplinary hierarchy was spatially imbedded within the office and authority was widely diffused. Each incremental gradation on the corporate ladder came with a new desk location and new visibility privileges. Each worker’s immediate supervisor possessed a direct line of sight on their subordinates, yet the subordinates could not see their supervisors without turning around. Sight lines therefore provided a clear line of discipline and a possible path of promotion. As workers moved up the corporate ladder, they literally oversaw more employees. The lowest level

⁵⁴³ Editorial Board, “New Center-Entrance Car Object of Curiosity; Many Shun Vehicle,” *Los Angeles Record*, January 31, 1913, E. L. Stephens scrapbook, Los Angeles Railway Records, The Huntington Library, San Marino, California.

⁵⁴⁴ Clark Davis, *Company Men: White Collar Life and Corporate Culture in Los Angeles, 1892-1941* (Baltimore: Johns Hopkins University Press, 2000), 225-27.

⁵⁴⁵ Oliver Zunz, *Making America Corporate, 1870-1920* (Chicago: University of Chicago Press, 1990), 202.

⁵⁴⁶ Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press of Harvard University Press, 1977); Oliver Zunz, *Making America Corporate, 1870-1920* (Chicago: University of Chicago Press, 1990), 126.

workers therefore occupied highly scrutinized position, while mid-level workers had somewhat less supervision, and full managers enjoyed no immediate supervision. At Southern California Edison district offices, cashiers and collectors sat closest to the counter, did the most emotional labor, and were supervised by those who sat directly behind them, the bookkeeper and chief clerk. The bookkeepers and chief clerk, did less emotional labor and were likewise supervised by those who sat directly behind them, the assistant manager and manager. Those employees sat at the very back, literally overseeing the office.⁵⁴⁷ The term “supervision” meant all that it implied. At Bell commercial offices, managers also sat in the back of the office, or in the corner, where they enjoyed visual privileges over their subordinates.⁵⁴⁸ Just as in operating rooms, supervision within Bell commercial offices was high. In smaller offices, a manager might oversee a cashier and one or two other employees, but if the number of employees increased more than that, AT&T executives directed that oversight be designated to several people. Often, the ratio of clerks to assistant managers was just four to one, with managers closely scrutinizing clerks in their customer service and then correcting them.⁵⁴⁹

Neither top executives nor mid-level managers single-handedly enforced the corporate procedures that instilled organizational discipline in sprawling modern corporations.⁵⁵⁰ Rather, corporate procedural enforcement ran all the way down the line, with each position enforcing discipline on the position below it. As Bell superintendent, Verne Ray told colleagues at a management conference in 1922, each employee “must really *want* to cultivate friendly relations with subscribers” and instilling that desire involved “a teaching process, requiring that each pupil in turn become a teacher, until the bottom of the organization is reached... This process,” Ray noted, “may be extended down through successive stages in the organization until the last employee is finally

⁵⁴⁷ “Organization Diagram,” October, 1913, Box 470, Folder 6, SCE Records; “Stock Salesmen Meeting, October 8, 1921,” 3, 8, Box 114, Folder 8; G. Haven Bishop, photographer, “Santa Monica Commercial Office, general interior shot,” April 8, 1916, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/15330/rec/5> G. Haven Bishop, photographer, “Santa Monica Commercial—Agents Office,” April 8, 1916, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/15332/rec/4>; “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 17-18.

⁵⁴⁸ “El Centro Has New Business Office,” *Pacific Telephone Magazine*, August 1929, 9, AT&T-TX; Photograph “13706,” Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities-3545 E. 14th St. Business Office, 1927-1930,” Box 88; Record Group No. 4; Collection No. 6: AT&T Corp.; AT&T-TX; “The Work of the Commercial Department: Part II: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927, 4*; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: The Work of the Commercial Department: Part II; AT&T-TX.

⁵⁴⁹ “The Work of the Commercial Department: Part II: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927, 4, 12*; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: The Work of the Commercial Department: Part II; AT&T-TX.

⁵⁵⁰ Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press, 1977).

reached.”⁵⁵¹ In 1929, an employee of the People’s Gas Company in Chicago described their “service improvement program” as “a studied system of training the supervisors to train those under them who have direct contact with the public.”⁵⁵² When the Bell System started closing their operating schools in the late-1920s, they began appointing experienced operators, in addition to supervisors, to watch over new operators.⁵⁵³ In some cases, operators ratted out their colleagues for breaking the rules.⁵⁵⁴

Disciplinary power and corporate supervision was incrementally diffused throughout the corporate structure, which made lower-level jobs difficult. Yet this diffusion also motivated employees to perform their jobs correctly. That is because promotion depended on internalizing the discipline given by one’s superior, or at least appearing to have done so. When employees did get promoted, they received much more than an increase in pay, and even more than an increase in prestige; promotion relieved employees from one degree of supervision and reduced the amount of emotional labor they had to engage in. Once promoted, employees often moved locations in the offices and the number of supervisors they had was reduced. Yet, immediately upon promotion, employees began disciplining those occupying their former position. Employees did this because it was better than doing the job themselves, and if they did it well enough, they might get promoted again, until someday, they could sit in the back, where only the customers could see them. As a New England gas executive, J.P. Ingle, described to his industrial counterparts in 1922, “it is...the invariable practice of gas and electric companies to put all the officials and heads of departments as far away from the public as possible, so that they will not be disturbed by the common customer.” Ingle observed that “the new employee who holds the lesser position is required to ‘service his time’ in the disagreeable job of waiting on the public or at the ‘complaint window.’ The ambition of the recruit is to hurry up and get promoted,” Ingle stated, “so he, too, can go to the rear, have a nice, quiet, private office where he will not be bothered by customers with grievances and requests for information.”⁵⁵⁵ At utility offices, there was no neat divide between labor and capital, as there might have been at other sites of the industrialized economy.⁵⁵⁶ No one person or managerial class enforced white-collar discipline; each worker participated in it along with every other.

⁵⁵¹ Verne Ray, Superintendent of Maintenance, Illinois Bell Telephone Company, “Public Relations Committees and the Pink Ticket Plan,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 4, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

⁵⁵² “Good Will Through Good Service,” *The Peoples Gas Light & Coke Company Year Book, 1929*, 24, Folder 55-1, Insull Papers.

⁵⁵³ M.B. French, Traffic Engineer, “Review of Bell System Traffic Operations, 1930,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 4, File: Conference, 1926, 1931, Box 10, Record Group 5, Collection 3, AT&T-TX; Miss Margaret Lindley, “Training,” in *Fifth Annual Chief Operators Conference, Los Angeles, February 15th, 1929*, 27, Collection 3: Pacific Telesis Group, Record Group 5: Pacific Telephone & Telegraph, Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences,” Box 10, AT&T-TX.

⁵⁵⁴ Studs Terkel, *Working: People Talk about What They Do All Day and How They Fell about What They Do* (New York: New Press, 1974), 34.

⁵⁵⁵ J.P. Ingle, Manager, Haverhill Gas Light Company, Haverhill, Mass., “Seeing Ourselves as Others See Us,” *American Gas Association Monthly*, March 1922, 153.

⁵⁵⁶ Frederick Taylor clearly experienced conflict between labor and management, as Harry Braverman recounts, yet there was also conflict among labors themselves on the shop floor, as Burawoy experienced, Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York:

Exterior Architecture

In attempting to create an architecture appealing to customers, executives did not overlook the exterior design of their utility offices. Rather, the exterior design was an integral part of the utility industries' overall strategy to obtain public approval for monopoly capitalism. Not only should the interior of offices produce a positive effect on customers, executives believed, but the exteriors should also exhibit the company's values. While utilities did build skyscrapers, utilities built many more district offices. These offices were often located in residential neighborhoods and the architectural strategy behind them was to seamlessly blend in with the local neighborhood. Unlike skyscrapers, which loudly called for attention, district offices quietly blended into their surrounding neighborhoods. Skyscrapers drew the eyes upward and expressed strength and stability, even defiance, while district offices maintained a low-lying subdued demeanor that expressed harmony with middle-class values. Despite the contrasts between skyscrapers and branch offices, there were some similarities, as an editor for the *Bell System Quarterly* noted. "The modest and home-like central office building," he wrote, "indistinguishable from the comfortable residences by which it is surrounded, exemplifies the aims toward which the Bell System is striving as truly as the thirty-two story metropolitan headquarters structure. Utility, beauty, appropriateness to its location, adaptation to the purpose in hand—each is characterized by these same qualities, each is a different manifestation of the same spirit."⁵⁵⁷ For utility monopolies, their buildings could take any shape and assume any character. Whether small and meek or towering and defiant, both served the same corporate purpose. Both argued in their own way that private monopolies fit into, and were permanent parts, of the American economic landscape.

Since executives wanted their district offices to blend in with the surrounding residences, utilities hired architects to design each office building in the local style. An editor for the *Bell System Quarterly* wrote that "especially careful thought has been given to the exterior appearance of the little buildings to the end that they, too, may blend into their surroundings."⁵⁵⁸ One of AT&T's favorite architects wrote that the "suburban telephone buildings have a deliberately disguised look" since the neighborhoods' "homogeneous architectural flavor must not be destroyed by a building noticeably out of character."⁵⁵⁹

Since architectural housing styles varied by region, each office received a distinctive design. In Casa Grande, Arizona, the local Bell company built a small adobe office, while in Ojai, California, the company adopted a Spanish Mission style, with white-washed adobe walls, a terra-cotta tiled roof, and arched doorways. Electricity companies also built offices in the Spanish Mission style.⁵⁶⁰ In Dallas, a telephone building was built in what Bell employees called "the Aztec architecture of the Southwest." In San Francisco's Chinatown, the Pacific Telephone & Telegraph Company

Monthly Review Press, 1974), 64-67; Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process Under Monopoly Capitalism* (Chicago: University of Chicago Press, 1979), 4, 49-57.

⁵⁵⁷ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 208-09.

⁵⁵⁸ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 204.

⁵⁵⁹ *Telephone Buildings Since 1885* (Voorhees, Walker, Smith, Smith, and Haines, Architects, 1961), 21.

⁵⁶⁰ *Commonwealth Edison Company Yearbook*, 1929, 22, Folder 49-17, Insull Papers.

built a “China Office,” in 1909, complete with curved roof-corners, a tiered design, and a vertically-mounted signs in Chinese. The structure was actually designed in the Mandarin style, despite being located in a predominately Cantonese neighborhood, but Bell architects and managers do not seem to have noticed.⁵⁶¹ One Bell architect was so intent on fitting in with the local surroundings that he had the stone used on the exterior of the office quarried at the site.⁵⁶² Frank Lloyd Wright did the same thing at some of his houses, but here the motivation in Bell’s case was political harmony, not natural harmony. A residential office in Scituate, Massachusetts looked “every inch a comfortable modern New England rural home,” and “its picket fence and weathered shingles fit into the Massachusetts landscape as naturally as the wind-swept wild roses by the New England roadside.”⁵⁶³ If utilities lived here, perhaps corporations really were people.

In many cases, these “home-like” structures did not even have anyone working in them and instead served as unoccupied telephone switching stations or electrical substations. Nonetheless, these structures still resided in residential neighborhoods and were therefore masked as single-family homes. One unoccupied substation owned by Commonwealth Edison and located in the Windsor Park neighborhood of Chicago, imitated the style of a French cottage, with white plaster walls, exposed brick quoins, gutters with decorative mounting hardware, and lattices for roses in the front.⁵⁶⁴ Another unoccupied Commonwealth Edison substation in Chicago adopted the look of a stately English manor with two doors leading into the building and a bench placed outside among the trees and bushes for the buildings mythical residents to sit on.⁵⁶⁵ The Bell system also built unoccupied structures in residential neighborhoods such as the brick Cape Cod-style telephone switching station in Armonk, New York, which featured a flagstone path leading up to an arched doorway, windows bordered with white shutters, and shades pulled halfway down on the inside. Another unoccupied Bell switching station in Bedford Village, New York also adopted the Cape Cod style, this one featuring a small iron-railed balcony above the doorway.⁵⁶⁶

Beyond simply trying to fit in, branch office architects in the 1920s also sought to visually reference a quaint pre-industrial era before the rise of big business. If the blighted smoke-belching factories of industrial capitalism could be erased from the suburbanites’ view, and replaced with a bucolic landscape of verdant tranquility, perhaps the growing pains of industrialization that the nation had experienced over the last half century could be forgotten. Commenting on this, a writer in *Architecture and Building* magazine wrote in 1930 that a Colonial brick Bell office in Mamaroneck, New York, was

⁵⁶¹ R. S. Masters, R. C. Smith, and W. E. Winter, *An Historical Review of the San Francisco Exchange* (San Francisco: Pacific Telephone and Telegraph Company, 1927), 86. The building later became the Bank of Canton, ref. Dell Upton, *Architecture in the United States* (New York: Oxford University Press, 1998), 82.

⁵⁶² “Telephone Central Office Buildings in the Small Communities,” *Architecture and Building* 67, no 2 (February 1930): 59.

⁵⁶³ Richard Storrs Coe, “Bell System Buildings—an Interpretation,” *Bell Telephone Quarterly*, July 1929, 204.

⁵⁶⁴ *Commonwealth Edison Company Yearbook*, 1929, 22, Folder 49-17, Insull Papers.

⁵⁶⁵ “In Behalf of Home Comfort,” *Commonwealth Edison Company Yearbook*, 1930, 18, Folder 49-17, Insull Papers.

⁵⁶⁶ “Telephone Central Office Buildings in the Small Communities,” *Architecture and Building* 67, no 2 (February 1930): 59.

“reminiscent of the day when stage coaches lumbered along the Boston Post Road.” Another telephone building in Westhampton on Long Island, was intended to be “reminiscent of the manor of an English squire,” while in Katonah, New York, the New York Telephone Company office was built to resemble “an Early American cottage.” If one looked closely through the “shuttered, mullioned windows,” the *Architecture and Building* journalist wrote, “one with imaginative eyes might see the dull gleam of firelight on polished pewter or the whirring of a busy spinning wheel.”⁵⁶⁷ Apparently, nothing resembled pre-industrial virtue like an office of America’s largest corporation. One business historian has argued that British banks in Africa in the 1950s “used modernist architecture and future-oriented narratives to engender a form of organizational forgetting of their involvement in the colonial past.” Utilities also sought to forget their own past—and make customers forget it—but to do so they turned back the clock and inhabited buildings designed in pre-industrial styles.⁵⁶⁸ If utilities could wrap themselves such antique architecturally attire, perhaps Americans would forget that these “home-like” offices actually sheltered enormous monopolies.

Utilities not only designed their building to resonate with the surrounding architecture, but they also kept up the grounds on which these houses were located. As early as 1914, a substation manager for Samuel Insull’s Commonwealth Edison Company wrote that “in recent years some considerable attention has been devoted to beautifying the grounds surrounding the various substations by landscape gardening, flower beds, window boxes,” and that the company hired one or two groundskeepers in the summer to maintain its properties. “This work tends to remove much of the usual prejudice against the location of such industries in residential districts,” the manager stated.⁵⁶⁹ In 1921, Southern California Edison’s Samuel Kennedy told a group of other utility executives that “you should not have a steam plant that is decrepit looking, that is dirty on the outside, that has a broken down fence around it that has broken windows in it, or anything about it that does not look well kept.” The reason for this broken windows theory, as with nearly everything utilities did, was public relations. The “average man” and the “ordinary individual” has pride in their community, Kennedy said, and they do not like poorly kept properties. Even unoccupied buildings still needed to be freshly painted with the weeds pulled and the litter picked up.⁵⁷⁰ The Bell System also paid considerable attention to the landscaping at its district offices. One office boasted “evergreens and flower beds” and photos at many other offices reveal planted hedges and

⁵⁶⁷ “Telephone Central Office Buildings in the Small Communities,” *Architecture and Building* 67, no 2 (February 1930): 59.

⁵⁶⁸ Stephanie Decker, “Solid Intentions: An Archival Ethnography of Corporate Architecture and Organizational Remembering,” *Organization* 21, no. 4, 515.

⁵⁶⁹ O.J. Cooper, “The Sub-Station Department: Scope and System,” *How Commonwealth Edison Company Works* (Commonwealth Edison Co., 1914), 5, Box 55, Folder 1, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁵⁷⁰ Exact quote to be precisely verified on next visit to the Huntington. “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 15-16; *Commonwealth Edison Company Yearbook*, 1929, 22, Folder 49-17, Insull Papers.

mowed lawns.⁵⁷¹ Even when building a residential office, the company left as many trees as possible on the lot.⁵⁷²

This landscaping and exterior design of branch offices proved to be well-liked by customers. A *Bell System Quarterly* article from 1929 noted that residents proudly pointed out their local Bell telephone office, which they viewed with civic pride.⁵⁷³ The Public Service Company of Northern Illinois, which supplied both electricity and gas, noted in its 1931 *Yearbook* that the company's architecture "has been the source of much favorable comment throughout the territory served for a number of years."⁵⁷⁴ Writing in *Pacific Coast Architect* magazine, architect Harris Allen praised both the inside and outside of San Francisco's New Montgomery Street Telephone Building, stating that it was "a thing of beauty," and provided a "reason for praising its creators."⁵⁷⁵ The *Chicago Tribune* reported in 1929 that the exterior design of one of Commonwealth Edison's residential properties was so pleasing that it raised property values in the surrounding neighborhood. Seeing the point precisely, the paper noted that "the beautiful building excites favorable comment which in turn increases the good will of the public toward the company."⁵⁷⁶

⁵⁷¹ "Telephone Central Office Buildings in the Small Communities," *Architecture and Building* 67, no 2 (February 1930): 59; "Casa Grande, Arizona, 1928," *Telephone Buildings Bell System* (New York: American Telephone and Telegraph Company); "All Forces Cooperated in Sales and Other Activities During 1928," *Southern Telephone News*, January 1929, 7, AT&T-TX; Armonk, New York office in "Telephone Central Office Buildings in the Small Communities," *Architecture and Building* 67, no 2 (February 1930): 59.

⁵⁷² "Telephone Central Office Buildings in the Small Communities," *Architecture and Building* 67, no 2 (February 1930): 59.

⁵⁷³ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 213.

⁵⁷⁴ "Additional Field Headquarters for More Efficient Operation," *Public Service Company of Northern Illinois Year Book 1931*, 11, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁵⁷⁵ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 214.

⁵⁷⁶ Philip Hampson, "Mixes Utility, Beauty; Raises Realty Values," *Chicago Tribune*, January 20, 1929.



Bell System district offices in Scituate, Massachusetts, above, and Scarsdale, New York specifically designed to match their local surroundings.⁵⁷⁷



An unoccupied electrical substation built by the Commonwealth Edison Company in the residential neighborhood of Windsor Park, Chicago, 1929.⁵⁷⁸

⁵⁷⁷ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, photo insert between 214-15.

⁵⁷⁸ *Commonwealth Edison Company Yearbook*, 1929, 22, Folder 49-17, Insull Papers.



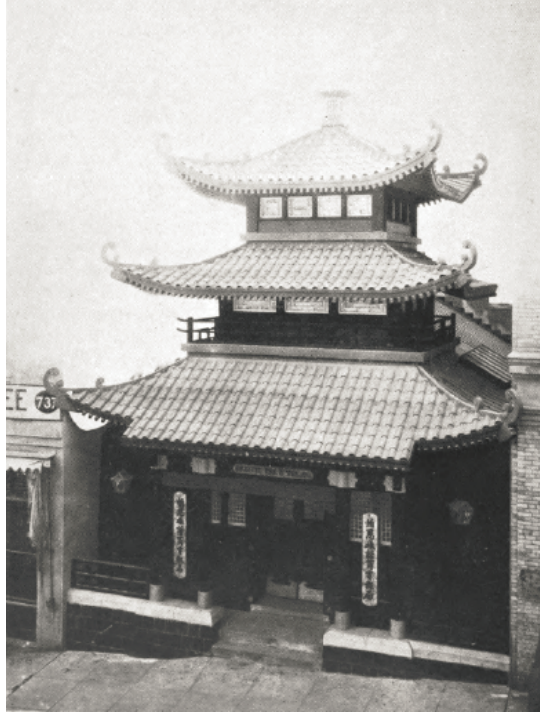
A telephone switching station in Armonk, New York, 1931. Despite the fact that a mother and child are seen approaching this building, no one worked here. Nonetheless, the building still featured a stone path, an arched door, windows with shutters, and attentive landscaping. 1931.⁵⁷⁹



An adobe Bell telephone office in Casa Grande, Arizona, 1928.⁵⁸⁰

⁵⁷⁹ “Telephone Central Office Buildings in the Small Communities,” *Architecture and Building* 67, no 2 (February 1930): 59.

⁵⁸⁰ *Telephone Buildings Bell System* (New York: American Telephone and Telegraph Company).



The “China Office” of the Pacific Telephone & Telegraph Company, located in San Francisco’s Chinatown, 1909.⁵⁸¹

Corporate Domesticity

Utility branch offices not only masqueraded as residential homes on their exterior, but also on their interior. Like any home-owner with genteel aspirations, the interior of utility offices featured fine furniture, rugs, potted plants on the floor, flowers on the tables, and framed pictures on the wall.⁵⁸² “Deep upholstered davenport and comfortable chairs are provided for customers,” explained one employee magazine.⁵⁸³ Electricity companies also displayed the latest electrical appliances in their offices to certify their membership in the middle-class and advertise it to others. Many electric and telephone utilities referred to their offices as a “home” or “house,” and spoke of customers as members of “our family.”⁵⁸⁴ As such, visitors were free to move about the home, inspect

⁵⁸¹ R. S. Masters, R. C. Smith, and W. E. Winter, *An Historical Review of the San Francisco Exchange* (San Francisco: Pacific Telephone and Telegraph Company, 1927), 86.

⁵⁸² For more on homes and refinement see Richard L. Bushman, *The Refinement of America: Persons, Houses, Cities* (Vintage Books, New York, 1992); Katherine C. Grier, *Culture & Comfort: Parlor Making and Middle-class Identity, 1850-1930* (Washington: Smithsonian Institution Press, 1988), and Gwendolyn Wright, *Building the Dream: A Social History of Housing in America* (New York: Pantheon Books, 1981).

⁵⁸³ “New Telephone Home for Southern California,” *The Pacific Telephone Magazine*, October 1930, 24, AT&T-TX.

⁵⁸⁴ Joseph P. Baloun, “The Usefulness of a Photo Department,” *Pacific Gas and Electric Magazine* 1, no. 11 (April 1910): 460; “New Telephone Home for Southern California,” *The Pacific Telephone Magazine*, October 1930, 24, AT&T-TX; National Electric Light Association, Committee on Commercial Service and Relations with Customers, “Acknowledgement of Application for Service,” *Service Suggestions* 1, no. 5 (December 1921) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1922), 1:360; Robt. E. Power, “Business Office Management,” in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 2; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record

the latest appliances, or sit in the subdivided “waiting area” of telephone offices, which included arm chairs, space heaters for cold feet, and a telephone, free for members of the family.⁵⁸⁵

Yet if the suburban home came into the world by going out of the world, far from the sullyng influence of commerce, the new utility offices fused the two back together, combining the bureaucratic and technical capabilities of the big corporation with the order and relaxation of the home. This corporate domesticity, as it may be called, overlaid monopoly capitalism with a veneer of middle-class family values in a bid to overcome consumer anxiety with the rise of corporate capitalism.

Corporate domesticity differed from the warehouse aesthetic of Wal-marts that Bethany Moreton has discussed, which paradoxically promoted consumption by expressing frugality. Nor did corporate domesticity resemble the glittering department stores of the late-nineteenth and early-twentieth centuries that William Leach has described, which featured tantalizing baubles for every taste.⁵⁸⁶ In many cases, utilities did not even have any product on display to sell. Some electric utility offices sold appliances, but this practice decreased over the course of the 1920s.⁵⁸⁷ “We sell service,” Brooklyn Edison president M. S. Sloan reminded his colleagues in 1925, “and we’ve got to sell satisfaction with it.”⁵⁸⁸

To do this, utilities emulated their customers’ middle-class aesthetic sensibilities of refinement with restraint, elegance without ostentation.⁵⁸⁹ Utility service from corporate monopolies was often more expensive than government-owned service or service from independents, yet some customers were willing to pay a bit more for quality physical and customer service. Utilities therefore did not need to portray themselves like a thrifty Wal-mart, yet since utility service was fast becoming a necessity, utilities did not need to appear like a palatial department store either.⁵⁹⁰ In the 1920s, utility architecture aimed for the stately yet approachable appearance of corporate domesticity.

Group 5; AT&T-TX; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 442.

⁵⁸⁵ G. Haven Bishop, photographer, “Local Offices A-Z,” call number 02-03642, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/11958/rec/5>; J.P. Ingle, Manager, Haverhill Gas Light Company, Haverhill, Mass., “Seeing Ourselves as Others See Us,” *American Gas Association Monthly*, March 1922, 153.

⁵⁸⁶ Bethany Moreton, *To Serve God and Wal-Mart: The Making of Christian Free Enterprise* (Cambridge, Mass.: Harvard University Press, 2009), 88-89; William Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Pantheon Books, 1993).

⁵⁸⁷ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 38; “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 6, AT&T-TX.

⁵⁸⁸ M. S. Sloan, President of the Brooklyn Edison Company, *What Should We Sell?* (reprint of lecture given before the Commercial Section of the NELA, New York, March 18, 1925) 10, Box 449, Folder 6, SCE Records.

⁵⁸⁹ Katherine C. Grier, *Culture & Comfort: Parlor Making and Middle-class Identity, 1850-1930* (Washington, D.C.: Smithsonian Institution Press, 1997); Richard L. Bushman, *The Refinement of America: Persons, Houses, Cities* (New York: Vintage Books, 1992).

⁵⁹⁰ Harry W. Laidler and H. S. Raushenbush, *Power Control* (New York: New Republic, 1928), 88-116, 169, 171-172; Robert MacDougall, *The People’s Network: The Political Economy of the Telephone in the*

Utilities meticulously cultivated this image through their interior decorating. The front region of a telephone office in New Orleans included “rich brown walnut paneling” and coffered ceiling. The office also provided “comfortable furniture” where customers could wait for a long-distance call, as well as “desks in walnut to match the paneling.”⁵⁹¹ A “beautiful counterless business office” at the Pacific Telephone & Telegraph headquarters in Los Angeles featured walnut chairs, green leather davenport, and hand-woven chenille drapes selected to match by noted interior decorator Herman Sachs, whom the company hired to appoint the office.⁵⁹² Many other open and counterless offices provided settees and writing desks for customers.⁵⁹³

To fully convey their middle-class persona, many utilities installed entire domestic rooms into their local offices. Here corporate domesticity attained its highest expression. One Insull-owned office in the Chicago suburb of Libertyville, featured a “customers’ lounge,” which was nearly indistinguishable from a well-furnished living room. Two stuffed arm chairs sat on either side of the lounge’s fireplace, while a couch sat opposite the fireplace. A clock and a candelabra sat on top of the mantel. A floor lamp and end-table were arranged on either side of the couch, with a coffee table in front of it, illuminated by an overhead lamp. Light also streamed through the window, properly treated with drapes. The only features of the lounge that failed to match a typical living room was the abundance of table lamps displayed on the built-in shelves and the walls which did not fully reach the ceiling.⁵⁹⁴

Insull’s customers’ lounge was not unique. Other utilities installed rooms that resembled a den, parlor, bedroom, dining-room, and library. National Electric Light Association committee recommended that display rooms be located “such that customers coming in to pay their bills, or upon any business, will pass entirely through the room, thus enabling the attendant salesman to meet and, if possible, become better acquainted with them.”⁵⁹⁵ The most popular room for utilities to build in their offices was the

Gilded Age (Philadelphia: University of Pennsylvania Press, 2013), 116, 143, 147; David E. Nye, *Electrifying America: Social Meanings of a New Technology, 1880-1940* (Cambridge, MA: The MIT Press, 1990), 261, 303.

⁵⁹¹ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 10, AT&T-TX.

⁵⁹² “New Telephone Home for Southern California,” *The Pacific Telephone Magazine*, October 1930, 14, AT&T-TX.

⁵⁹³ “New Pasadena Building Splendid,” *The Pacific Telephone Magazine*, March 1927, 36, AT&T-TX.

⁵⁹⁴ “New Stores Opened,” *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁵⁹⁵ L. D. Mathes, ed., “The Display Room,” *National Electric Light Association, Thirty-first Convention*, vol. 1, Chicago, IL, May 19-22, 1908 (New York: The James Kempster Printing Company, 1908), 667. In another variation of corporate domesticity, utilities on the West Coast, in cooperation with home builders and electrical contractors, built free-standing electric demonstration homes and opened them to the public to promote electric house-wiring and products. One exhibit in San Francisco received 16,000 visitors in three weeks, while another exhibit in Oakland featured ten different houses of various sizes and styles. “Electric Home Is Thrown Open for Inspection,” *San Francisco Chronicle*, June 12, 1920; “New Housing Keeping Era Shown in Electrical Home,” *San Francisco Chronicle*, June 27, 1920; “Homes Exhibit Will Open in Oakland Today,” *San Francisco Chronicle*, September 28, 1922.

⁵⁹⁵ “Homes Exhibit Will Open in Oakland Today,” *San Francisco Chronicle*, September 28, 1922.

kitchen, which utilities installed “complete in the most minute detail” including “running water and sewage connections.”⁵⁹⁶

The various domestic display rooms provided “an attractive appearance, liberal educational features, and the *desire-creating quality* which results in sales,” noted one executive, but their purpose went beyond racking up sales.⁵⁹⁷ As one Insull employee admitted regarding display kitchens, their “function is not merely to farther the use of gas for cooking but to obtain complete public confidence by rendering a wide and helpful home-making service.”⁵⁹⁸ Another electricity executive acknowledged the public relations benefits of corporate domesticity. “The display may be merely educational, although masking a most desirable purpose,” he noted, “it may be [used] to eliminate dissatisfaction and inspire confidence in the company’s methods.”⁵⁹⁹

In 1929, the Public Service Company of Northern Illinois went as far as building an entire “model bungalow, completely furnished” within the company’s new store.⁶⁰⁰ The firm also owned another bungalow-store in Oak Park, Illinois.⁶⁰¹ Other monopolies from San Francisco to Boston also built bungalows, or other styles of houses, in the 1920s, where utility employees invited “guests” to come over for a visit. One company sent out calling cards to invite customers to a “refrigeration tea.”⁶⁰² In a further act of good will, many utilities let civic clubs, high schools, and women’s societies borrow these facilities for their own uses.⁶⁰³ These home offices often included a laundry room, kitchen, bathroom, living room, office, bed room, and nursery.⁶⁰⁴ Surrounded by the aesthetic of corporate domesticity, customers could inspect appliances, learn how to use them, and agree, perhaps unconsciously, that monopoly capitalists shared the customers’ interests and values. As Insull’s Public Service Company of Northern Illinois forthrightly declared, “attractive retail sales and service stores are valuable assets in public relations.”⁶⁰⁵

⁵⁹⁶ L. D. Mathes, ed., “The Display Room,” *National Electric Light Association, Thirty-first Convention*, vol. 1, Chicago, IL, May 19-22, 1908 (New York: The James Kempster Printing Company, 1908), 667.

⁵⁹⁷ Italics in the original. L. D. Mathes, ed., “The Display Room,” *National Electric Light Association, Thirty-first Convention*, vol. 1, Chicago, IL, May 19-22, 1908 (New York: The James Kempster Printing Company, 1908), 667.

⁵⁹⁸ “Home Service Aids Modern Trend,” *The Peoples Gas Light & Coke Company Year Book, 1930*, 24, Box 55, Folder 1, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁵⁹⁹ L. D. Mathes, ed., “The Display Room,” *National Electric Light Association, Thirty-first Convention*, vol. 1, Chicago, IL, May 19-22, 1908 (New York: The James Kempster Printing Company, 1908), 667.

⁶⁰⁰ “New Stores Opened,” *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁶⁰¹ “New Stores Opened,” *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections;

“Merchandise Sales,” *Public Service Company of Northern Illinois Year Book 1928*, 22, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁶⁰² “Home Service: Organization and Operation,” *NELA Proceedings* (1930), 1300.

⁶⁰³ “Preview Electrical Home, St. Francis Wood, Will Open Today,” *San Francisco Chronicle*, June 11, 1920; “Home Service: Organization and Operation,” *NELA Proceedings* (1930), 1291; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 452.

⁶⁰⁴ “Home Service: Organization and Operation,” *NELA Proceedings* (1930), 1290.

⁶⁰⁵ “Merchandise Sales,” *Public Service Company of Northern Illinois Year Book 1928*, 22, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.



The “customers’ lounge” at the Libertyville district office of the Public Service Company of Northern Illinois, 1929. The half wall on the left and right reveal that this room is part of a customer service office.⁶⁰⁶



“The Living Room Looking through the Dining Room to the Kitchen,” of a corporate home, 1930. The only clue that this is not an actual residence is the large number of lights.⁶⁰⁷

⁶⁰⁶ “New Stores Opened,” *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁶⁰⁷ “Home Service: Organization and Operation,” *NELA Proceedings* (1930), 1291.

Within customer-service centers, utility office designers also paid a great deal of attention to lighting and preferred natural sunlight or indirect electric lighting. The New Orleans counterless office included “five large windows” that “flood the room with natural light, augmented at dusk by graceful hanging chandeliers of paneled opaque glass and dull bronze.”⁶⁰⁸ Another Bell office was described as having “electric light from two rows of beautiful orange and black fixtures.” “This lighting arrangement,” stated one employee, “floods the place with an artificial sunlight, making a bright, cheery business office.”⁶⁰⁹ An open office of the Southern California Edison Company built in 1917 featured interior lighting that was “indirect and...so designed that a uniform intensity of light, practically without shadows,” was “obtained at all points.”⁶¹⁰ A Bell office, built in Alameda, California in 1914, even included a stained glass Bell logo in its upper windows and matching logo on the tiled floor.⁶¹¹

Fresh flowers and live plants also beautified these customer-service offices. Photographs and descriptions of district offices reveal flowers and plants placed on counters and bookcases and in windows and corners of rooms.⁶¹² One electricity office in Pomona, California, featured a potted fern on top of a pedestal located directly in front of the customer-service counter.⁶¹³ A telephone employee boasted that his office contained “many beautiful ferns and blooming plants...throughout the building.”⁶¹⁴ One office in Pasadena, California that featured an abundance of fresh flowers also installed an ice machine to provide cold drinking water to customers.⁶¹⁵ In 1927, another office located in

⁶⁰⁸ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 10, AT&T-TX.

⁶⁰⁹ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁶¹⁰ H. W. Dennis, Constructor Engineer, “New Edison Building: A Broadway Feature,” *Edison Current Topics* VI, no. 6 (June 1917): 113, Box 308, Folder 6, SCE Records.

⁶¹¹ “Alameda Exchange Has Club House,” *Pacific Telephone Magazine*, December 1914, AT&T-TX.

⁶¹² ⁶¹² Photograph “13707 - FJ Marshall Dist Com. Mgr, Counterless Business Office, 2545 E. 14th St., Oakland, CA,” Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities-2545 E. 14th St. Business Office, 1927-1930, Box 88, Record Group No. 4: Corporate Functions, Conference Proceedings, Collection No. 6: AT&T Corp., AT&T-TX.

Photograph “13713,” Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities; 3545 E. 14th St. Business Office, 1927-1930,” Box 88, Record Group No. 4, Collection No. 6: AT&T Corp., AT&T-TX; “El Centro Has New Business Office,” *Pacific Telephone Magazine*, August 1929, 9, AT&T-TX;

G. Haven Bishop, photographer, call number 02-03681, description “People looking at display of electric appliances at Santa Monica office,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California,

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/15368/rec/4>; G. Haven Bishop, photographer, “Local Offices A-Z,” call number 02-03642, description “Santa Monica commercial office, customer rest or waiting area,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California,

<http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/15331/rec/1>;

⁶¹³ Image Number “SCE 02-08845,” Pomona, California district office in 1923, Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California, <http://hdl.huntington.org/cdm/singleitem/collection/p16003coll2/id/20569/rec/2>.

⁶¹⁴ “New Exchange at Tifton, Ga., Opened: Big Reception Attended by Over Five Hundred Visitors,” *Southern Telephone News*, September, 1921, 17, AT&T-TX.

⁶¹⁵ “New Pasadena Building Splendid,” *The Pacific Telephone Magazine*, March 1927, 36, AT&T-TX.

the small town of El Centro, California, was the first business in the area to install air conditioning.⁶¹⁶

Even the sound within the offices was carefully controlled to enhance the experience of customers. A counterless office in Spokane featured a “pure white ceiling of sound-proof composition,” that “deadens the noise,” according to one employee.⁶¹⁷ In addition, the Spokane office featured floors made of sub-damping “attractive rubber tile...in the public space, while the floors in the working space are covered with heavy battleship linoleum.”⁶¹⁸ The walls and ceiling at a counterless office in New Orleans “received acoustical treatment by the application of a special plaster composition,” boasted an employee magazine article, “noise is reduced to a minimum. Echo and reverberation are absent.”⁶¹⁹

These new sound-damping technologies have not gone entirely unnoticed by historians. Emily Thompson, in the insightful book *The Soundscape of Modernity*, notes that these sound-dampening materials, not only silenced unwanted noise, but also created a new sound experience in themselves. While in most office buildings, these sound suppressing materials were mainly used to reduce employee strain and increase efficiency, in the case of utilities, these technologies were used to improve the consumer’s experience.⁶²⁰ A “commercial engineer” for the Bell System reported that counterless offices employed “sound absorbing materials” in order to “gain the advantages of quiet offices both for public contracts and for telephone contacts with customers.” The engineer also noted that “the segregation of noisy machines has been helpful in many cases.”⁶²¹ Moving account clerks to the back region not only made them invisible but also inaudible.

This muffling of sound, but enhancing vision within counterless offices continued the nineteenth century project that art historian Jonathan Crary has called the “separation of the senses...for the rebuilding of an observer fitted for the tasks of ‘spectacular’ consumption.”⁶²² As architectural historian Dell Upton has also observed, nineteenth century urbanites “favored vision, with hearing muted” and developed noise-reducing streets and prohibited the noisemakers that street vendors used to alert customers of their presence in the neighborhood.⁶²³ As public relations became an important issue for utility

⁶¹⁶ “El Centro Has New Business Office,” *Pacific Telephone Magazine*, August 1929, 9, AT&T-TX.

⁶¹⁷ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁶¹⁸ “Spokane’s Newly Completed Business Office,” *The Pacific Telephone Magazine*, January 1927, 30, AT&T-TX.

⁶¹⁹ D. C. Thomas, “New Type Business Office Has No Counters,” *Southern Telephone News*, January 1929, 10, AT&T-TX.

⁶²⁰ Emily Thompson, *The Soundscape of Modernity: Architectural Acoustics and the Culture of Listening in America, 1900-1933* (Cambridge, MA: The MIT Press, 2002), 171, 197, 203, 217, 220.

⁶²¹ “Report of Bell System Commercial Operations, 1930, Compiled by the Commercial Engineer, American Telephone and Telegraph Company,” in *Operating Papers Conference – Absecon, New Jersey, Year 1931*, 14; File: Conference, 1926, 1931; Box 10: Company Leaders, Presidential Office Files, Complaints of Service—Northern California Conferences; Record Group 5: Pacific Telephone & Telegraph; Collection 3; AT&T-TX; The development of quiet offices was not unique to utilities, ref. Emily Thompson, *The Soundscape of Modernity: Architectural Acoustics and the Culture of Listening in America, 1900-1933* (Cambridge, MA: The MIT Press, 2002).

⁶²² Jonathan Crary, *Techniques of the Observer: On Vision and Modernity in the Nineteenth Century* (Cambridge, MA: The MIT Press, 1994), 19.

⁶²³ Dell Upton, *Another City* (New Haven, Conn.: Yale University Press, 2008), 3.

executives, these executives helped move this filtering of sensations from the streets to indoor sites of consumption.

Maslow and the Environmental Psychology of the Office

In creating these pleasant office interiors, executives acted on instinct, yet they observed what psychologists would later confirm: that beautiful interiors affect the perceptions of their occupants. In the 1950s, psychologist Abraham Maslow, who was already famous for his “hierarchy of needs” concept, turned his attention to the effects of interior designs on people. Maslow found that interior design affects the perceptions of occupants. To arrive at this conclusion, Maslow ran an experiment in which he placed subjects in three types of rooms, a “beautiful,” “average,” and “ugly” room. He then asked his subject to rate the “fatigue/energy” and “displeasure/well-being” on the faces in photographs while the subject remained in the room. Maslow found that subjects in the beautiful room, when looking at photographs of faces, “gave significantly higher ratings (more ‘energy’ and ‘well-being’) than groups in either the ‘average’ or ‘ugly’ rooms.”

What is striking is how closely Maslow’s beautiful room corresponded to the open and counterless offices already described. Maslow’s beautiful room featured

two large windows, beige-colored walls, an indirect overhead light, and furnishings to give the impression of an attractive, comfortable study. Furnishings included a soft armchair, a mahogany desk and chair combination, two straight-backed chairs, a small table, a wooden bookcase, a large Navajo rug, drapes for the windows, painting on the walls, and some sculpture and art objects on the desk and table. These were all chosen to harmonize as pleasantly as possible with the beige walls.

The room was described by occupants as “‘attractive,’ ‘pretty,’ ‘comfortable,’ ‘pleasant.’”

Maslow’s “ugly” room, in contrast, struck test subjects as “‘horrible,’ ‘disgusting,’ ‘ugly,’ ‘repulsive,’” and featured:

two half-windows, battleship-gray walls, an overhead bulb with a dirty, torn, ill-fitting lampshade, and ‘furnishings’ to give the impression of a janitor’s storeroom in disheveled condition. There were two straight-backed chairs, a small table, tin cans for ashtrays, and dirty, torn window shades. Near the bare walls on three sides were such things as pails, brooms, mops, cardboard boxes, dirty-looking trash cans, a bedspring and uncovered mattress, and assorted refuse. The room was neither swept nor dusted and the ashtrays were not emptied.”

The “average room” included gray walls, a wooden desk and chairs, a metal filing cabinet, metal book case, shaded overhead lighting, and was “in no way outstanding enough to elicit any comments.”⁶²⁴

⁶²⁴ Abraham H. Maslow and Norbett L. Mintz, “Effects of Esthetic Surroundings: I. Initial Short-Term Effects of Three Esthetic Conditions upon Receiving ‘Energy’ and ‘Well-Being’ in Faces,” in *People and Buildings*, ed. Robert Gutman (New York: Basic Books, 1972), 212-219.

Maslow's ugly room closely corresponded to the interiors of closed offices of utilities at the turn of the century, as previously described. If anything, closed offices were even uglier than Maslow's ugly room.⁶²⁵

Since Maslow's study, environmental psychologists have confirmed and extended his findings. These later scholars agree that store design not only unconsciously affects customers' impressions of clerks, as Maslow found, but it also affects whether customers feel relaxed, comfortable, and dominant, rather than dominated and subdued, by the store environment. Psychologists have found that "dominance is enhanced by a feeling that you can look anywhere, rummage around, and handle everything," precisely what open and counterless offices sought to convey.⁶²⁶ Utility employees also sought to design their offices to make customers feel "restful" and "comfortable," in the words of utility employees.⁶²⁷ According to psychologists, the two crucial design factors needed to achieve this relaxing feeling are pleasant interiors, such as those in Maslow's beautiful room, and low stimulation, such as found in environments with low noise, soft lighting, and the absence of crowds. Beautiful yet high-stimuli environments induce excitement and spending and more closely match the department stores that William Leach has described. But since utility executives by the 1920s mainly sought to make customers feel comfortable and in control of monopoly capitalism, rather than seeking to induce high levels of spending, utility offices favored relaxing interiors.⁶²⁸

Although utility executives did not have psychological studies available to them, they instinctively designed their offices to achieve these results and succeeded in manipulating customers sentiments through architecture. In 1929, a Bell employee noted that at the new counterless offices in New Orleans all "the architectural design and character of furnishings" had been "chosen with a view to placing the visitor wholly at ease." The office featured subdued colors and lighting, sound-damping floors, and comfortable stuffed furniture. The walls were decorated with "antique glazed ornamental plaster decorated in golden-brown tones for the high lights, with warm sepias for the shadows; [and] subdued bronzes where necessary." The floors featured "rich rugs over warm colored terrazzo floors." As one Bell employee boasted, "the cold glare of white marble and shining bronze has been done away with. The materials chosen are pleasing and comfortable." Such a design precisely matched what environmental psychologists would later confirm enhances relaxation in customers, yet Bell employee familiar with the office observed just those results. As one employee observed, "the decorations "all tend to bring about a feeling of comfort and understanding between the company and the public."⁶²⁹

⁶²⁵ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 9.

⁶²⁶ Albert Mehrabian, *Public Places And Private Spaces: The Psychology of Work, Play, and Living Environments* (New York: Basic Books, 1976), 289.

⁶²⁷ "El Centro Has New Business Office," *Pacific Telephone Magazine*, August 1929, 9, AT&T-TX; "East Bay Opens New District Office," *Pacific Telephone Magazine*, July 1930, 37, AT&T-TX.

⁶²⁸ Robert J. Donovan and John R. Rossiter, "Store Atmosphere: An Environmental Psychology Approach," *Journal of Retailing* 58, no. 1 (1982): 39; Albert Mehrabian, *Public Spaces and Private Spaces: The Psychology of Work, Play and Living Environments* (New York: Basic Books, 1976), 19, 287, 289, 293.

⁶²⁹ D. C. Thomas, "New Type Business Office Has No Counters," *Southern Telephone News*, January 1929, 9-10, AT&T-TX.

Many other utility employees observed similar reactions from customers. In 1929, a Bell employee noted that the new counterless office in El Centro, California: “produces an atmosphere of friendliness and cordiality.” This feeling was by design. “The interior of the business office,” the employee noted, “reflects a cool and restful atmosphere” using temperature controlled rooms, walls painted “in an adobe brown, with pastel shades of green and sunset skillfully blended together,” and an “abundance of light and air...admitted by a large front window.”⁶³⁰ When the Pacific Telephone and Telegraph Company opened a new counterless office in the Bay Area 1930, an employee noted that the “color, woodwork, floors, and furnishing combine in making the office comfortable and friendly.”⁶³¹ In 1929, an extensive article on Bell architecture, one employee noted the “formative influence which such buildings exert,” and referred to Bell offices as “indispensable instrumentalities used in the work of rendering service.”⁶³²

Making the customers “feel” comfortable was precisely the goal of executives in building open and counterless offices in the aesthetic of corporate domesticity. In 1929, an employee discussing Seattle’s new counterless office stated that: “everything about this new office is designed with the pleasure and comfort of customers in mind.”⁶³³ Also in 1929, an electricity employee for the Public Service Company of Northern Illinois noted how the company’s “beautiful” new Bungalow-style office with “unusually fine” furniture “gives the visitor a feeling of spaciousness and harmonious design.”⁶³⁴ Manipulating the “feeling” of customers was deliberately carried out by executives. Kennedy’s 1921 book *Winning the Public* included sections entitled “The Psychology of Environment” and “The Hospitable Office.” In the latter section, Kennedy taught executives to ask themselves: “What is the effect [of offices] upon the company’s customers?”⁶³⁵ Kennedy had already thought about this question and had an answer based on a decade of experimentation. In a speech to Boston executives in 1921, Kennedy announced what later psychologists would prove: that ugly closed offices “obstruct the view and to make the consumer feel that he is something on the outside of the organization,” but that utilities “should make them [consumers] feel at home,” using beautiful open offices and courteous clerks.⁶³⁶

When managers at a New York utility invited customers to their open offices stating, “your visit, we are sure, will prove pleasurable,” were they simply uttering a trite phrase, or did they have good reasons for such confidence?⁶³⁷ The experience of

⁶³⁰ “El Centro Has New Business Office,” *Pacific Telephone Magazine*, August 1929, 9, AT&T-TX.

⁶³¹ “East Bay Opens New District Office,” *Pacific Telephone Magazine*, July 1930, 37, AT&T-TX.

⁶³² Richard Storrs Coe, “Bell System Buildings—an Interpretation,” *Bell Telephone Quarterly*, July 1929, 211, 213.

⁶³³ “New West Seattle Office Opened,” *Pacific Telephone Magazine*, October 1929, 13, AT&T-TX.

⁶³⁴ “New Stores Opened,” *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

⁶³⁵ Samuel M. Kennedy, *Winning the Public*, 2nd ed. (New York: McGraw-Hill, 1921), 9-10.

⁶³⁶ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 17.

⁶³⁷ National Electric Light Association, Committee on Commercial Service and Relations with Customers, “Acknowledgement of Application for Service,” *Service Suggestions* 1, no. 5 (December 1921) republished in “Report on Commercial Service and Relations with Customers Committee,” *NELA Proceedings* (1922), 1:360.

executives and the research of later psychologists demonstrate that utilities had good reason for such confidence. In the 1920s, executives deliberately and successfully manipulated the sentiments of customers toward monopoly utilities through the design of corporate space. Ironically, however, the more control and dominance customers felt within these offices, the more they were actually being manipulated.

The idea among utility executives that the architectural environment could produce certain social outcomes was a continuation of the Progressive Era notion that the environment shaped individuals, just as social Darwinists had argued, but that now experts could shape that environment to their own ends.⁶³⁸ This idea had been circulating as early as 1901 when the state of New York passed the first tenement housing law. A tenement-dweller testified at hearings that the long flights of stairs, disease-breeding airshafts, and sweltering temperatures within tenements forced kids to stay outside, detaching children from parental oversight, and thereby producing a “decidedly disintegrating influence in the family.” Yet, legislators believed that this could be fixed through architectural design codes and by 1915 eleven states and over forty cities passed tenement building codes.⁶³⁹

Also during the Progressive Era, and continuing into the 1920s, Frederick Winslow Taylor’s ideas of scientific management in the factory were being tempered to account for the “human element” and extended into offices. Taylor’s theories and their later adaptations resulted in cleaner factories and offices and ergonomically designed desks and chairs created to reduce clerical fatigue.⁶⁴⁰

In the sciences, psychologist John B. Watson was experimenting with environmental effects on people and in 1913 he published *Behaviorism*, popularizing Pavlov’s dog experiments and arguing that people and animals alike can be shaped by environmental stimuli. Watson’s *Behaviorism* went through three editions by 1925, by which time Watson had left academia to become the vice-president of an advertising company, a revealing move.⁶⁴¹

⁶³⁸ William Graham Sumner, *What Social Classes Owe to Each Other* (New York: Cosimo Classics, 2007 [1883]).

⁶³⁹ “An East-Side Resident Testifies on Tenement Conditions, 1900,” in *The Progressive Movement, 1900-1915*, ed. and intro. by Richard Hofstadter (Englewood Cliffs, N.J.: Prentice-Hall, 1963), 49-54.

⁶⁴⁰ Ida Tarbell, *New Ideals in Business* (New York: The Cromwell Publishing Company, 1914), 16, 20; Sanford M. Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton, N.J.: Princeton University Press, 1997), 17; Richard Gillespie, *Manufacturing Knowledge: A History of the Hawthorne Experiments* (Cambridge, UK: Cambridge University Press, 1991), 26-27.

⁶⁴¹ William E. Leuchtenburg, *The Perils of Prosperity, 1914-1932* (Chicago: University of Chicago Press, 1958), 200, 275. Beginning in the early 1930s, B.F. Skinner extended behaviorism by introducing Skinner’s Box and the concepts of conditioning and reinforcement. Eventually, in *Walden Two* (New York: MacMillan, 1948). Skinner would deny free will and argued that human behavior could be fully shaped and a utopia brought about by providing the right environmental conditioning. Utopian communities based on Skinner’s ideas exist to this day. Since Skinner’s time, the ideas of environmental psychology have been applied everywhere from subway stations and teen hangouts, where it has been found that playing classical music reduces crime and drives away loiterers to restaurants, bars, dormitories, and of course, stores and offices; Daniel Stokols, “Origins and Directions of Environment-Behavioral Research,” 5-36 in *Perspectives on Environment and Behavior: Theory, Research, and Applications*, ed. Daniel Stokols (New York: Plenum Press, 1977), 8, 13; Albert Mehrabian, *Public Places And Private Spaces: The Psychology of Work, Play, and Living Environments* (New York: Basic Books, 1976); Lily E. Hirsch, “Weaponizing Classical Music: Crime Prevention and Symbolic Power in the Age of Repetition,” *Journal of Popular Music Studies* 19, no. 4, 342-358.

One year after Watson published *Behaviorism*, Walter Lippman summarized the Progressive zeitgeist in *Drift and Mastery*, in which Lippman argued that human society had now gained mastery over its physical environment and could therefore take control of its destiny rather than drifting, an idea not far from that of pioneering utility executives at the time.⁶⁴² Although there is no evidence of utility executives directly citing these works, the ideas of executives certainly ran along the same lines in terms of environmental stimulus and control. And, in terms of actually implementing those ideas on a wide scale, utility executives were far more active in implementing their ideas and probably had a much more direct influence on American behavior and attitudes than psychologist or social thinkers in academia.

Rest Rooms

In addition to display rooms, utilities also built employee break room, or “rest rooms” as they were often called, which featured interior furnishings that were nearly indistinguishable from the typical family room of a middle-class home.⁶⁴³ All descriptions and photographic evidence of break rooms printed in employee magazines reveal some combination of upholstered couches, rocking chairs, tables, flowers, books, magazines, drapes, wall-paper, and a piano, radio, or phonograph. One rest room in Nashville had actually been a private residence before the Southern Bell Telephone Company converted it. The space featured “beautiful woodwork,” “handsome mirrors,” and “lovely light fixtures,” as well as a piano, an overstuffed couch, and other pieces of furniture made of mahogany and wicker.⁶⁴⁴ Another rest room, located in San Francisco and located at the headquarters of the Pacific Telephone & Telegraph Company, included such domestic furnishings as a piano, a glass-doored bookcase, rocking chairs, a chaise lounge, framed art, potted plants, and vases with flowers. In 1919 when the Southern California Edison Company built their imposing new headquarters, they also included a “quiet retreat” where “the girls can pass their noon hour,” according to the company’s employee magazine. The room was decorated with couches, chairs, and flowers, and magazines, as well as a hot water heater for tea and coffee.⁶⁴⁵ AT&T’s New York headquarters also included a rest room, which, despite its location on the thirteenth floor, the “women members of the Bell family... will find a quiet, homelike rest room,” as well as a library and writing table.⁶⁴⁶ Another Bell restroom in Homewood, Illinois, built in 1927, provided the town’s operators with “a place of relaxation” according to the company’s employee magazine, and included wicker arm chairs, a floor lamp, tables with flowers, a double bed, carpeting, drapes, a fan, reading material, and flowers.⁶⁴⁷ The photograph below shows a similar rest room that was typical of the 1920s.

⁶⁴² Walter Lippman, *Drift and Mastery: An Attempt to Diagnose the Current Unrest* (New York: Mitchell Kennerley, 1914).

⁶⁴³ For descriptions of typical middle-class family rooms see Robert S. and Helen Merrell Lynd, *Middletown: A Study in Contemporary American Culture* (New York: Harcourt, Brace and Company, 1929), 100-101.

⁶⁴⁴ *Southern Telephone News*, May 1921, 21, AT&T-TX.

⁶⁴⁵ Exact quotations will be verified on my next trip to the Huntington. “New Edison Building Beautiful and Modern,” *Edison Current Topics* 8, no. 1 (January 1919): 79-81, Box 308, Folder 7, SCE Records.

⁶⁴⁶ “The New Home of the Bell System,” *Southern Telephone News*, December 1922, 13, AT&T-TX.

⁶⁴⁷ “New Homewood Office Opened,” *Bell Telephone News* (Chicago), July 1927, 11.



A “pretty rest room in New Bessemer, LA,” stated the *Southern Telephone News* in 1921. The operators on both the left and right are still wearing their headsets and mouthpieces. The framed triangle above the lamp is the logo of the Southern Bell Telephone Company with its three sides of efficiency, service, and cooperation.⁶⁴⁸

Tours and Open Houses

Although rest rooms were not intended for customers to use or shop in, thousands of customers streamed through these rooms during behind-the-scenes tours, which utilities across the nation began offering in the Progressive Era. The goal of these tours was to dispel the negative image of the working conditions at utilities and to educate customers on the difficulties of providing utility service in a plea for greater forbearance when calls were delayed or electricity service interrupted. Beginning in the Progressive Era, the Bell System, in particular, began taking a lot of bad press regarding the working conditions of telephone operators. Due to the skyrocketing use of the telephone in the early twentieth century, telephone exchanges were deluged with calls, which led to occasionally delays and misconnected calls, which angered customers. These customers began to conceive of telephone exchanges as poorly supervised places where undisciplined operators carelessly transferred calls. A cartoon entitled “The Average Subscriber’s Idea of a Telephone Exchange” published by *Life* magazine in 1914 featured operators lounging around, talking to friends, reading, listening to music, and flirting with men, all while customers’ angrily shouted through the switchboard “Say! I’ve been waiting two hours!!” “Is everybody dead up there?!!!” “Blanketty blank!”⁶⁴⁹ Some customers also suspected that operators had lots spare time, which they used listening-in on telephone calls, while other customers, believed that operators sometimes took down a requested person’s phone number, but rather than call the number and contact the

⁶⁴⁸ “Pretty Rest Room in New Bessemer, LA., Exchange,” *Southern Telephone News*, December 1921, 32, Courtesy of AT&T Archives and History Center.

⁶⁴⁹ “The Average Subscriber’s Idea of a Telephone Exchange,” *Pacific Telephone Magazine*, October 1914, 23, AT&T-TX.

customer when a connection was made, as they were supposed to, the operators just waited a while, and then called back the customer and told them that their party could not be reached.

In contrast, some customers, commentators, and health officials more accurately viewed the working conditions of telephone operators as exceptionally harsh and started to criticize the Bell System's employment practices beginning in the Progressive Era. In an effort to increase call-placement times and improve customer satisfaction, AT&T had rigorously Taylorized the job of switchboard operating, increased operator supervision, and restricted operators to a small number of phrases. Yet the Bell System's Taylorist techniques produced an unintended effect on some customers. Many subscribers viewed the constant repetition of "Number, please?," "I'm sorry," and "One moment," as inhuman and frustrating. In some cases, the customers' inability to break through this limited phraseology infuriated them even more than the delay or misconnected call had in the first place.⁶⁵⁰

To counter the negative images of operator working conditions, AT&T began inviting customers to tour their facilities to show customers just how orderly and tolerable switchboard rooms appeared and how restful and domestic the rest rooms seemed. These tours provided the architectural analogy to the new publicity policy of utilities, in which companies publicized their affairs rather than trying to remain secretive. By opening their offices to visitors, utility executives hoped to dispel the secretive image that had arisen among the public regarding monopolies. After a tour, a Pacific Telephone & Telegraph employee stated in 1916, customers "will always...be influenced by his knowledge gained," and will "accept with patience any contingencies or conditions developed which may not be in exact accord with their intentions or wishes."⁶⁵¹ An employee from the Southern Bell Telephone Company, observed that "many of our subscribers have but a hazy idea of what goes on in a central office," but that "the irritation sometimes felt because of a slight delay or defects in service would probably vanish if the subscriber could see just what was going on at the switchboard."⁶⁵²

On a typical telephone office tour, customers visited a live switchboard room, where they heard just how much went in to placing each individual call. Then customers were led to the rest room where they took in the corporate domesticity of the space while being introduced to the "matron," who oversaw the younger female employees as well as the rest room. Here, operators could relax in tranquility and comfort, all while a benevolent watch was kept over them by the matron. For operators with a "sudden case of 'grippe,'" one group of visitors was informed, there was an adjoining "silence room," where the girl could lie down and the matron would attend to her. The matron could be consulted on "matters of health, activities in the nature of athletics and amusements, and the thousand and one little problems which may confront any modern girl," according to one visitor's report, and could also be "approached at any and all hours of the day." What more morally beneficent place could there be, except the Victorian home itself? At the end of these tours, guests received a pamphlet and subscription form for stock ownership

⁶⁵⁰ Stephen H. Norwood, *Labor's Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 34-36

⁶⁵¹ "Tell Our Story," *The Pacific Telephone Magazine*, December 1916, 4, AT&T-TX.

⁶⁵² "Showing the Subscriber," *Southern Telephone News*, December 1921, 1, AT&T-TX.

in case visitors now wanted to support this culturally consistent and economically promising institution.⁶⁵³

Electricity companies also provided tours of their rest rooms as well as their other interior offices, switching stations, and even their generating plants. The Pacific Gas & Electric Company hung a “Visitors Welcome” sign at the entrances to at least some their hydroelectric plants, and offered guided tours of the plant to civic groups and school children.⁶⁵⁴ During the tours, guests received a twenty-eight page full-color booklet with pictures of the plant, a map of the company’s multistate network, public relations copy, and statistics showing how many people the company employed in California, how much capital the company invested in the state, and how much in state and federal taxes the company contributed.⁶⁵⁵ The Boston Edison company offered similar tours.⁶⁵⁶

These tours were not infrequent affairs, occasionally arranged. Utilities offered tours consistently as a matter of company policy and thousands of customers availed themselves of the offer.⁶⁵⁷ Between 1926 and 1935, over 240,000 customers toured Illinois Bell facilities, including over 40,000 in 1926 alone.⁶⁵⁸ In 1930, the number of people who toured Ohio Bell facilities approached five percent of the number of the company’s subscribers.⁶⁵⁹

In addition to tours, utilities all over the country held evening open houses, or house warming parties, as they were sometimes called. During these events, female employees functioned in the traditional role of hostesses, and the events were nearly indistinguishable from polite entertaining by a husband and wife, except that the “house” where the entertainment took place was larger, and so there was a greater division of labor among the women attending to the guests. At one party at an office of the Southern Telephone Bell office in Tifton, Georgia, some of the office’s female employees greeted guests at the receiving line, which formed at the head of the stairway, which was decorated with streamers in the company’s colors. Other female employees served punch and cake, which had been frosted in the company’s colors and marked with an “S.B.T.” for Southern Bell Telephone. In another room, other women employees dispensed party favors—cigars for the men and flowers for the women—while yet another group of female employees attended guests on their tour through the operating room and rest

⁶⁵³ “Completed Building Publicly Inspected,” *Pacific Telephone Magazine*, July 1927, 18, AT&T-TX; “The Speech-Weaver’s School,” *Pacific Telephone Magazine*, December 1916, 10, AT&T-TX.

⁶⁵⁴ Lucien Kellogg, “‘Visitors are Welcome’: How a Western Utility Brings Together Four Factors in Its Sales-and-Service Plan,” *Business*, May, 1925, 55, Box 440, Folder 8, SCE Records.

⁶⁵⁵ Pacific Gas & Electric Company, *A Visit to Pacific Gas and Electric Company’s Pit River Hydro-Electric Development, Shasta County, California*, [1922?], The Bancroft Library, University of California, Berkeley.

⁶⁵⁶ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 452.

⁶⁵⁷ “Showing the Subscriber,” *Southern Telephone News*, December 1921, 1, AT&T Archives and History Center, San Antonio, Texas.

⁶⁵⁸ Federal Communications Commission, “Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive,” in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

⁶⁵⁹ Federal Communications Commission, “Appendix 5, Sheet 3: The Ohio Bell Telephone Co., Report of Customer Relations Activities, 1930,” in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

room. To highlight the domesticity of the operators' rest room, two operators played its piano. All the female employees attending the function dressed in "lovely summer frocks," according to the company's employee magazine, and descriptions of similar gatherings frequently made mention how pretty the operators looked. In Tifton, the evening ended with dancing and accounts of the evening concluded that the party was a great success, based on the many expressions of pleasure heard from the guests and the fact that many departed on the late train home.⁶⁶⁰

At a reception in Kokomo, Indiana, visitors received an extensive tour of the company's commercial and plant departments, the operators' rest rooms, explanations of the switchboards, and even a look at the cafeteria. Then the guests repaired to another bulwark of middle-class morality, the local YMCA, where a banquet was served to all 785 guests. During the event, according to *Bell Telephone News*, "bank presidents mingled with school boys; teachers and superintendents of manufacturing plants rubbed elbows with their workmen, all seeking for knowledge." After this love feast, attendees heard speeches from local notables such as the secretary of the town's chamber of commerce and "employees renewed their pledge to help their city in its growth and to make the citizens more satisfied with living here by giving the best telephone service possible." The evening was capped by a few numbers from the local Lions' Club quartet.⁶⁶¹ As Robert MacDougall has pointed out, municipal politics mattered, especially in Indiana, which had been a hot spot of anti-Bell sentiment in the nineteenth century. Yet the forces of political economy extended beyond municipal city council races and political platforms, let alone national politics.⁶⁶² In Kokomo, as in many other places, Bell managers allied themselves with the town's local power structure and opinion makers.⁶⁶³ After doing so, it is hard to see how any harmful sentiment or legislation could emerge against the company.

At another Bell party in Seattle in 1922, so many customers accepted the invitation that the fire marshal had to turn away people at the door. An estimated 2,000 couples squeezed onto the floor of the telephone office, where they danced the night away, along with their antimonopoly sentiments, or so AT&T hoped.⁶⁶⁴ Not every tour was as extensive as the ones in Tifton, Kokomo, and Seattle. One open-house in Aberdeen, Washington in 1912 merely offered fresh flowers, punch, and wafers.⁶⁶⁵ But nearly all events gave guests a tour of the switchboard room and rest room. Electricity companies hosted similar parties for customers, civic clubs, reporters, and local notables.⁶⁶⁶

⁶⁶⁰ "New Exchange at Tifton, Ga., Opened: Big Reception Attended by Over Five Hundred Visitors," *Southern Telephone News*, September, 1921, 17, AT&T-TX.

⁶⁶¹ "Kokomo Entertains at 'Open House,'" *Bell Telephone News* (Indianapolis) June 1924, 22, AT&T-TX.

⁶⁶² Robert MacDougall, *The People's Network: The Political Economy of the Telephone in the Gilded Age* (Philadelphia: University of Pennsylvania Press, 2013), 12, 24.

⁶⁶³ David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 434-435.

⁶⁶⁴ "Housewarming at New Main Office Building, Seattle," *Pacific Telephone Magazine*, March 1922, 3, AT&T-TX.

⁶⁶⁵ "Opening of New Exchange at Aberdeen, Wash.," *Pacific Telephone Magazine*, December 1912, 3, AT&T-TX.

⁶⁶⁶ "Preview Electrical Home, St. Francis Wood, Will Open Today," *San Francisco Chronicle*, June 11, 1920; David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 452.

As automatic telephone switching technology replaced manual dialing beginning in 1919, plant tours became even more important to AT&T, because operators no longer personally interacted with customers, a fact that had made AT&T reluctant to adopt automatic switching technology in the first place. In 1927, when Pasadena “cutover” from manual to automatic switching, they also built two new commercial offices with counterless offices to maintain their personal contact with customers. To show off these new offices, the company hosted an open house in which three thousand customers, about ten percent of the company’s local subscribers, visited the new buildings and observed the new switching equipment in operation.⁶⁶⁷

Judging from newspaper accounts, AT&T succeeded in its goal of convincing visitors that the company’s employment of women and service to customers was all anyone could ask for. One journalist for the Portland *Telegram* in 1927 found their tour of AT&T’s local facilities impressive, noting how the restroom, featured “comfortable wicker furniture and restful drapes,” and was “equipped with an orthophonic talking machine and a piano.” There were also “magazines and inviting davenport.” Next door there was the “‘quiet room,’ a well-insulated dormitory where complete rest and relaxation may be had.”⁶⁶⁸ A Portland *News* reporter was impressed with the matron of the operators, Mrs. Wightman, who greeted all the visitors, and “who has come to be called ‘The Mother of a Thousand Girls.’” Her job was to be available to the “girls” when “they need the advice and aid of an experienced counselor.” She also managed the company’s sickness and disability benefits, AT&T was eager to point out. Through newspaper accounts like these, many customers who didn’t attend tours themselves could still receive the good report.

The strategy of facility tours appeared to work in convincing customers that private monopolies were doing their best. In an article entitled “Seeing is Believing,” a Southern Bell employee stated that, after tours, “not once, but hundreds of times, is the comment made: ‘Well, if that’s the sort of girl ‘Central’ is, I’ll be more considerate in the future.’”⁶⁶⁹ Another customer exclaimed, “I don’t think I ever will lose my temper with the operator again,” now that I know more about what a telephone call involves.”⁶⁷⁰ Another employee from Detroit in 1924 stated that “it may be justly said that our relations with the public are better than they have ever been” and credited the tours and switchboard demonstrations with contributing to this.⁶⁷¹

Conclusion

In moving from the closed office to the open office and finally to the counterless office, electricity and telephone managers were responding to changing business conditions, just as bankers had in moving from the open office of the early nineteenth century to the closed office of the late nineteenth century. Yet there was something different about the open and counterless offices of utilities that had not been present with banks in the nineteenth century. While the changes in banking architecture in the

⁶⁶⁷ “Big Pasadena Job Successfully Accomplished,” *The Pacific Telephone Magazine*, September 1927, 3-6, AT&T-TX.

⁶⁶⁸ “Completed Building Publicly Inspected,” *Pacific Telephone Magazine*, July 1927, 17, AT&T-TX.

⁶⁶⁹ “Seeing Is Believing,” *Southern Telephone News*, May 1922, 1, AT&T-TX.”

⁶⁷⁰ “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 6, AT&T-TX.

⁶⁷¹ “Satisfactory Service Comes from Growing Sense of Responsibility Among Telephone People,” *Southern Telephone News* (Detroit, MI), April 1924, 2, AT&T-TX.

nineteenth century had been straightforward—banks ended their cozy relationship with customers and their architecture showed it—the electricity and telephone industries manipulated their outward expressions in a less straightforward manner. In the Progressive Era and after, many operations of utilities were hidden from public view, including accounting, managing, and monitoring, but the customer service offices appeared to be open. The operations of banks in the early twentieth century were closed, and their offices made no pretense of being otherwise. The banks' inner workings and outward expressions matched, in the architectural equivalent to individual sincerity, as defined by nineteenth-century moralists.⁶⁷² The electricity and telephone industries, in contrast, practiced what could be called architectural hypocrisy. Utilities pretended to be open, but they were not. The purpose of putting on this front was to improve public relations.

Here was Lefebvre's "illusion of opacity."⁶⁷³ Branch offices resembled a family's home, but they actually sheltered giant monopolies. By the 1920s, utility customers entered consciously designed spaces whose every detail had been meticulously calculated to please patrons. The unobstructed view of the clerks, the ability to walk around the office, the wall colors, carpeting, furniture, drapes, lighting, cleanliness, noise level, and room temperature had all been carefully selected to shape public opinion. The corporate domesticity of the interiors and the single-family home exteriors were consciously created facades designed to make the corporate monopolization of crucial utility service acceptable to Americans.

With this in mind, it is possible to discern how the history of utility architecture fits into the overall story of corporate architecture during the late-nineteenth and early-twentieth centuries. In the 1890s, as architecture historian Sigfried Giedion has noted, architects were searching for "morality in architecture" and a desire to replace the current architectural forms, which some critiques considered "a 'lie,' all posturing and no truth."⁶⁷⁴ As part of this search, the Chicago School architects, including Daniel Burnham and John Root, introduced the glass and steel skyscraper in the 1880s and 1890s. These structures featured clean vertical lines mostly devoid of embellishment. But at the turn of the century, this modern style fell out of favor and remained unpopular for the next three decades. Corporations, it seemed to Root at that time, had backslid into unnecessary adornment and ostentation and sacrificed architectural truth.⁶⁷⁵ Why did this temporary reversal in style occur?

The history of utility company architecture can help answer this question. Utility companies could not dwell in modern glass houses for public relations reasons and these companies were some of the largest builders of corporate structures of the period. Rather than transparent glass houses, utilities occupied more traditional single-family homes and decorated them in the style of corporate domesticity. Utilities made some office regions transparent, but hid others. The availability of an alternative style only reinforces the fact

⁶⁷² Karen Halttunen, *Confidence Men, Painted Women: A Study of Middle-Class Culture in America, 1830-1870* (New Haven: Yale University Press, 1982), 33-55.

⁶⁷³ Henri Lefebvre, *The Production of Space*, trans. Donald Nicholson-Smith (Malden: MA: Blackwell Publishing, 1991 [1974]), 27.

⁶⁷⁴ Giedion quoting van de Velde in the second quote. Sigfried Giedion, *Space, Time and Architecture: The Growth of a New Tradition* (Cambridge, MA: The Harvard University Press, 1941), 368-391.

⁶⁷⁵ Sigfried Giedion, *Space, Time and Architecture: The Growth of a New Tradition* (Cambridge, MA: The Harvard University Press, 1941), 368-391.

that utility executives selected their designs, not in accordance with modern trends, but for their own political reasons. The Chicago School may have offered a more truthful style, but what utility monopolies needed from their architecture was an improvement in public opinion.

Chapter Four: Customer Stock Ownership As Public Relations Strategy

Introduction

In July of 1914, the treasurer of the Pacific Gas & Electric Company, A. F. Hockenbeamer, had a very good idea, at least from his perspective. California progressives had been calling for public ownership of utilities, so Hockenbeamer introduced a slight variation in terms in order to bring about entirely different results in practice. In place of public ownership, Hockenbeamer offered “customer ownership,” by selling stock directly to his northern California customers. Since these customers were also voters in California’s new referendum process, the quarterly dividends customers received would likely to pay dividends of their own, back to the company, whenever measures regarding public utilities came up at the ballot box.

To inform customers about the new stock offer, the Pacific Gas & Electric Company (PG&E) “opened up with a veritable barrage of a quarter of a million circulars directed to the company’s consumers,” as the company’s employee magazine later recounted. Newspaper advertisements reiterated the message. In addition—and in what became a hallmark of customer ownership campaigns well into the 1920s—PG&E began selling stock directly to customers from the company’s branch offices.⁶⁷⁶ The company also offered \$100 shares for \$82.50, either in cash, or on an installment plan for as little as \$5 down, and with none of the minimum purchase requirements or commission fees that typically attended stock purchases made at brokerage firms.⁶⁷⁷

Scholars have identified customer stock ownership programs as beginning with AT&T after World War I, but corporate executives and *Wall Street Journal* editors reported otherwise.⁶⁷⁸ They unanimously credited the Pacific Gas & Electric Company with inventing customer ownership during the 1910s and praised the company for its organizational ingenuity in the face of the threat of public ownership. The *Wall Street Journal* called PG&E and another smaller company, “pioneers,” while the president of the Southern California Edison Company told executives at an industry conference that customer stock ownership began with PG&E.⁶⁷⁹

Tracing the origins of customer stock ownership to 1914 touches a sensitive historiographic nerve. The fact that customer ownership existed before WWI forces a reassessment of the influences that war bond sales, academic theorists, and AT&T

⁶⁷⁶ “Blazing the Trail for Popular Partnership in ‘Pacific Service,’” *Pacific Service Magazine*, October 1929, 322.

⁶⁷⁷ Charles Remington, “Consumers Given Stock Privilege,” *San Francisco Chronicle*, July 28, 1914; \$82.50 in 1914 amounts to about \$2,000 in 2014 dollars using the consumer price index to convert, ref. “Purchasing Power Calculator,” accessed May 11, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>

⁶⁷⁸ N. R. Danielian, *AT&T: The Story of Industrial Conquest* (New York: Vanguard Press, 1939), 184; Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors’ Democracy* (Cambridge: Harvard University Press, 2011), 151, 153.

⁶⁷⁹ “Capital Grows Through ‘Customer-Ownership Plan,’” *Wall Street Journal*, October 6, 1921; John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *Proceedings of the Forty-seventh Convention of the National Electric Light Association*, May 19, 1924 (New York: National Electric Light Association, 1924) (hereafter *NELA Proceedings* (1924)), 207.

executives had on customer ownership, influences that Roland Marchand and Julia Ott have stressed. At the same time, however, without the pioneering work of Marchand and Ott, scholars would have nothing on which to build. Marchand focused on customer stock ownership at AT&T after WWI as part of his insightful study of corporate public relations. Ott also focused on customer ownership at AT&T after the war, while at the same time emphasizing the organizational and ideological connections between the Liberty Bond campaigns during the war and the customer ownership plans of the 1920s. The arc of Ott's narrative is that, first, federal officials sold Liberty Bonds to Americans to raise both capital and political for an initially unpopular war. Then, Harvard political economy professor Thomas Nixon Carver modified the idea by suggesting that executives sell corporate securities to Americans to reconcile the interests of "Everyman" with those of big business. Finally, "inspired" by Carver's ideas, AT&T and other corporations began selling stock to customers in the 1920s.⁶⁸⁰

Yet the strategy of customer stock ownership pre-dated the war, continued during the war, and flourished after the war. Even Carver himself acknowledged that customer stock ownership began in 1914 in the electricity industry, which was long before he began talking about it.⁶⁸¹ Carver did not teach utility executives about customer stock ownership, it was the other way around. Utility executives invented customer stock ownership in response to specific threats facing their specific type of company, namely, corporate utility monopolies. Carver simply observed what was going on in the utilities industry and talked about it in academic terms.⁶⁸² Carver was just one of dozens of people talking about customer stock ownership in the 1920s, and not the most influential.⁶⁸³ Very little evidence demonstrates that Carver's writings influenced the thinking of utility executives.⁶⁸⁴ While Ott was interested in grand ideological notions about creating a new type of nation—an investors' democracy—populated by a new type of citizen, most utility executives had much narrower and more pragmatic concerns. Executives sought to defend their firms against government ownership, secure monopoly franchise permits, and obtain rate hikes. Their concerns largely ended there. Far from being a post-World War I phenomenon inspired by war bonds and Carver, customer stock ownership pre-dated the war and had its roots in an organizational response to Progressive agitation for public ownership.⁶⁸⁵

In addition to identifying the origins of customer stock ownership and situating the strategy in its political economic context, a social history of how millions of Americans came to own corporate securities by the crash of 1929 will be offered. Historians often recount how Americans clamored to buy stock in the 1920s, yet this

⁶⁸⁰ Ott, *When Wall Street Met Main Street*, 2, 4, 126, 134, 149, 151, 163.

⁶⁸¹ Thomas Nixon Carver, *The Present Economic Revolution in the United States* (Boston: Little, Brown and Company, 1926), 139; Ott notes that as late as March 1919, Carver was still not advocating customer stock ownership, *When Wall Street Met Main Street*, 108.

⁶⁸² Carver, *The Present Economic Revolution in the United States*, 96, 103-106, 139-140.

⁶⁸³ See, for example, the 1928 "Customer Ownership Committee Bibliography" that contains hundreds of entries on the topic but only two by Carver, *NELA Proceedings*, 1928, 260-267.

⁶⁸⁴ Ott claims that "AT&T became the first of a large number of corporations that seized hold of Thomas Nixon Carver's theory [of the New Proprietorship] in the first half of the 1920s," that Carver's theories "inspired" customers stock ownership plans, and that many customer ownership plans "claimed to advance Carver's vision," but there is little evidence to support these claims, *When Wall Street Met Main Street*, 131, 149.

⁶⁸⁵ Ott, *When Wall Street Met Main Street*, 151-152.

conception of customer demand must be augmented by an understanding of corporate supply.⁶⁸⁶ Utility companies did not just offer stock to Americans; utility employees actively pressured customers to buy stock by knocking on their doors, calling them on the phone, visiting their workplaces, and pitching them stock at utility offices and streetcar stations. This supply-side story reveals how utility workers directly sold stock to no less than twenty percent of the total number of shareholding Americans by the crash of 1929.

Finally, the effect of customer stock ownership on antimonopoly sentiment will be evaluated and the role of customer stock ownership in the crash of 1929 will be appraised. In doing so, a new explanation for the survival of corporate monopoly utilities in the United States will be offered.

PG&E's Financial Situation in 1914

The Northern-California based Pacific Gas & Electric Company launched its customer stock ownership program in direct response to events taking place in Southern California. In 1907, Los Angeles voters approved bonds for an ambitious water project in the Owens Valley. Three years later, Los Angeles residents added a small municipally-owned power plant to their plans. Over the next several years, plans for the small power plant evolved into proposals for a much larger plant. In May of 1914, Los Angeles residents voted to construct a large municipally-owned power plant and buy-out the city's privately-owned electricity distribution network, owned by the Southern California Edison Company. The vote delivered a crushing blow to the company, which lost nearly seventy-five percent of its business, and sent a wake-up call to the company's largest neighbor to the north, the Pacific Gas & Electric Company, headquartered in San Francisco.⁶⁸⁷ San Francisco residents had also been toying with municipal ownership and in 1910 they had approved a water project in the Hetch Hetchy Valley in order to free themselves from the city's hated private water utility.⁶⁸⁸ Like an earlier version of LA's Owens Valley plan, San Francisco's Hetch Hetchy project called for a small, municipally-owned, power plant. But with LA's 1914 vote to expand the city's power plant, San Francisco's plans began to look like creeping socialism to executives at PG&E. Not willing to sit back and watch San Francisco residents follow in the footsteps of Los Angeles, PG&E executives quickly launched a customer stock ownership program. Just three months after residents voted for municipal ownership in Los Angeles, PG&E began selling stock to customers in San Francisco.⁶⁸⁹

⁶⁸⁶ Cedric B. Cowing, *Populist, Plungers, and Progressives: A Social History of Stock and Commodity Speculation, 1890-1936* (Princeton, N.J.: Princeton University Press, 1965), 155-157, 165-171, 177-178; John Kenneth Galbraith, *The Great Crash of 1929* (Boston: Houghton Mifflin Company, 1955), 24, 37, 51-52, 174.

⁶⁸⁷ William A. Myers, *Iron Men and Copper Wires: A Centennial History of the Southern California Edison Company* (Glendale, CA: Trans-Anglo Books, 1983), 147-49; Southern California Edison Company, *Annual Report to the Stockholders of Southern California Edison Company For the Year 1914*, 7-8, Folder 3, Box 11, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

⁶⁸⁸ William Issel and Robert W. Cherny, *San Francisco, 1865-1932: Politics, Power, and Urban Development* (Berkeley, University of California Press, 1986), 175.

⁶⁸⁹ *Annual Report to the Stockholders of Southern California Edison Company For the Year 1914*, 7-8, Folder 3, Box 11, SCE Records; Charles Remington, "Consumers Given Stock Privilege: Pacific Gas and Electric Company Invites Patrons to Purchase Shares," *San Francisco Chronicle*, July 28, 1914.

If the threat of public ownership provided PG&E with an initial motivation to sell stock to customers, state utilities regulation provided a convenient justification. In 1914, after several years of record growth, PG&E wanted to build a new power plant and petitioned the California Railroad Commission for permission to issue additional bonds to pay for the project. But the Railroad Commission, which oversaw utility financing in the state, rejected PG&E's financing plan.⁶⁹⁰ The commission limited the total amount of bonded debt a utility could carry to a percentage of the firm's annual profits, and PG&E had reached that limit. The commission would also not allow PG&E raise electricity rates on customers. The only financing plan the commission would accept was for PG&E to issue additional stock.⁶⁹¹ It was in this context of both securities regulation and rate regulation that PG&E began selling stock to customers.

The Railroad Commission essentially forced PG&E to sell stock, but the decision to sell this stock directly customers, rather than to large investors, was the company's own choice, and an overwhelmingly political one. As the company's magazine declared in 1915, "one of the surest ways of solving the so-called corporation problem and enlisting the good-will and support of the public, is to appeal to its self-interest by giving it the opportunity of becoming a partner in the corporation enterprise and sharing in its profits."⁶⁹² Less than a month after the company initiated its customer ownership plan the *San Francisco Chronicle* observed that the program was "generally regarded as a master stroke of diplomacy."⁶⁹³ Four months later the *Chronicle* declared that "the distribution of this stock is the worst blow ever delivered municipal ownership on this Coast."⁶⁹⁴ It was still too early to tell, but the Pacific Gas and Electric Company certainly hoped it would be.

Customer Stock Ownership Spreads

Despite the fact that PG&E only offered "preferred stock," which did not include corporate voting rights, customer appetite proved stronger than outside observers, and even the company, expected.⁶⁹⁵ Each month hundreds of customers handed over \$82.50 for one share of PG&E stock yielding a six percent dividend on its \$100 par value, or an actual return on investment of 7.27 percent; much better than the average savings account.⁶⁹⁶

Although each individual customer did not typically subscribe to large quantities of the stock, the number of subscribers soon became large. By December of 1916, PG&E had vaulted itself into the ranks of the top twenty corporations in terms of the number of

⁶⁹⁰ "Blazing the Trail for Popular Partnership in 'Pacific Service,'" *Pacific Service Magazine*, October 1929, 322.

⁶⁹¹ Charles Remington, "Banker Predicts Pacific Gas Bonds Will Sell Much Higher," *San Francisco Chronicle*, June 9, 1914. Since PG&E's stock dividends would eventually be used to calculate the acceptable electricity rates to customers, the Commission's decision privileged bondholder security over long-term customer rates.

⁶⁹² "Editorial," *Pacific Service Magazine*, August 1915, 101.

⁶⁹³ Remington, "Consumers Taking Pacific Gas Stock," *San Francisco Chronicle*, August 9, 1914.

⁶⁹⁴ Remington, "Hockenbeamer's Plan Unequaled," *San Francisco Chronicle*, December 10, 1914.

⁶⁹⁵ "Blazing the Trail for Popular Partnership in 'Pacific Service,'" *Pacific Service Magazine*, October, 1929, 322.

⁶⁹⁶ A. F. Hockenbeamer, "The Financial Side of 'Pacific Service,'" *Pacific Service Magazine*, August, 1915, 97.

stockholders, surpassing even the railroads.⁶⁹⁷ Other electric companies began to take note. By US entry into World War I and the first Liberty Bond Campaign, thirteen additional electricity companies had developed customer ownership plans. During the war, fifteen more electric companies launched customer stock ownership plans.⁶⁹⁸

After the war, customer stock ownership spread like wildfire throughout the electricity, gas, streetcar, and telephone industries. In 1919 and 1920, a total of forty-six electricity companies launched customer ownership plans. In 1921 alone, an additional thirty-seven electric utilities in all parts of the country initiated customer ownership plans, a number only exceeded by the next year's totals.⁶⁹⁹ Also in 1921, AT&T introduced its own customer stock ownership program.⁷⁰⁰ In other words, AT&T adopted the strategy of customer stock ownership when the movement to initiate plans in the electricity industry was already nearing its peak. Far from being a post-World War I phenomenon inspired by war bond sales and academic theorists, customer stock ownership pre-dated the war and had its roots in an organizational response to Progressive agitation for public ownership.⁷⁰¹

For Politics or Capital?

The goal of all these customer stock ownership programs was not to raise capital, but to raise political support, as utility executives explicitly stated.⁷⁰² The president of the Southern California Edison Company declared before an audience of electricity executives in 1924 that, "our activity has been wholly along the line of securing partners, not of raising money."⁷⁰³ David F. Houston, the president of the Bell Telephone Securities Company, made an almost identical statement in 1922, telling Bell managers at a personnel conference that "the central thought in this [customer ownership] plan is not that of raising large sums of money and of raising them quickly. It is rather that of establishing better public relations." Houston reiterated his comments at the end of his speech, noting that "while it was clear that large sums of money could be raised through the sale of preferred stock, it must not be forgotten that the primary purposes were to interest subscribers in the telephone system, especially in the local company, and to create better relationships and understandings."⁷⁰⁴ An instructional manual on customer ownership authored by leading practitioners in the electricity industry observed that, "public relations today constitute the paramount problem of the utilities," and then asked

⁶⁹⁷ "Utilities and the Small Investor," *Pacific Telephone Magazine*, December, 1916, 10-11, AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX); Frederick H. Wood, "The Small Investor and Railroad Ownership and Management," in "Popular Ownership of Property: Its Newer Forms and Social Consequences," ed. William L. Ransom and Parker Thomas Moon, special issue, *Proceedings of the Academy of Political Science in the City of New York* 11, no. 3 (April, 1925): 435.

⁶⁹⁸ "Customer Ownership Committee Session," Thursday, June 7, 1923, *NELA Proceedings*, 220.

⁶⁹⁹ "Customer Ownership Committee," Public Relations National Section, Tuesday, June 7, 1927, *NELA Proceedings*, 1927, 215-237.

⁷⁰⁰ *AT&T Annual Report for the Year 1921*, 15.

⁷⁰¹ Ott, *When Wall Street Met Main Street*, 4, 126, 131, 149, 151-152, 163.

⁷⁰² Danielian, *AT&T*, 191; Marchand, *Creating the Corporate Soul*, 79; Brigham, *Empowering the West*, 139; Ott, *When Wall Street Met Main Street*, 151-152.

⁷⁰³ Miller, "Customer Ownership on the Pacific Coast," *NELA Proceedings* (1924), 208.

⁷⁰⁴ Summary of D. F. Houston's speech, "Telephone Financing and Sale of Preferred Stock to Subscribers," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 61; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T Archives-TX.

rhetorically, “What better method can there be to improve public relations than to have the public holding a proprietary interest in this business?”⁷⁰⁵ The Customer Ownership Committee of AERA advised that at customer ownership meetings with employees “it should be made clear that the endeavor will be to obtain just as many new friends for the company as possible.”⁷⁰⁶ In 1923, Samuel Insull told a group of securities salesmen that “we are great believers in the community owning these properties...We think that is the solution, the answer to the demand for municipal ownership.”⁷⁰⁷

These comments were not made for public consumption, but utility executives made no secret of their political designs. Insull told an audience at Princeton University in 1923 that he believed “community ownership leads to community good will” and that it was “natural for the man, or the woman, or the boy or girl, to think that his electric light and power company is all right if he owns stock in that company.”⁷⁰⁸ A utility publicity director hired told a Federal Trade Commission examiner in 1928 that “public-utility men do not favor municipal or government ownership....we are firmly of the opinion that the best type of public ownership is...through the investment of customers in securities of companies serving them, thus enlisting the friendly cooperation and understanding of the customers.”⁷⁰⁹ A NELA manual instructed employees that if a potential customer-owner asked: “Why do you not go to Wall Street for funds?” the employee should answer: “The company is now offering the citizens of the communities it serves an opportunity to invest...first, to increase public friendship and good-will.”⁷¹⁰ It was no accident that the Customer Stock Ownership Committee of NELA was under the Public Relations Section, and not under Accounting.⁷¹¹

The argument that utility executives sold stock in the 1920s for political reasons differs from economist Gardiner Means’s belief that utilities sold stock to raise capital. Utilities needed capital at that time, but customer ownership did not actually raise very much capital. Between 1922 and 1929, AT&T’s customer ownership program generated just \$1.1 million in capital, though it sold stock to 245,000 individuals by 1929.⁷¹² By that time, however, the company had a market capitalization of over a billion dollars, plus

⁷⁰⁵ Scheel, chair, “Sales Manual for Public Utility Employees,” *NELA Proceedings, 1922*, 1:75.

⁷⁰⁶ “Report of the Customer Ownership Committee,” *AERA Proceedings, 1925*, 204.

⁷⁰⁷ Samuel Insull, “Modern Financial Problems of Utilities,” Speech at luncheon of the Bond Men’s Club of Chicago at Hotel La Salle, November 15, 1923, in *Public Utilities in Modern Life: Selected Speeches, 1914-1923* (Chicago: Privately printed, 1924), 389.

⁷⁰⁸ Samuel Insull, “Production and Distribution of Electric Energy in the central Portion of the Mississippi Valley,” Cyrus Fogg Brackett Lecture, Delivered at Princeton University, December 1, 1921, 42-44, Folder 20-8, Insull Papers.

⁷⁰⁹ *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 3, Filed with the Secretary of the Senate, May 15, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 3 (1928)*), 3.

⁷¹⁰ Scheel, “Sales Manual for Public Utility Employees,” *NELA Proceedings, 1922*, 1:81.

⁷¹¹ Examination of A. Jackson Marshall, Secretary, National Electric Light Association, in *FTC Letter No. 1 (1928)*, 12.

⁷¹² *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1928* (New York: 1929), 9. AT&T had about 400,000 shareholders total at this time but not all of those were gained through direct customer ownership methods. Many shareholders simply bought shares through brokers via the stock exchange.

an additional \$500 million in bonded debt.⁷¹³ Customer stock ownership was clearly not the main avenue through which AT&T satisfied its capital needs. The company used other methods for that, including selling bonds and offering large blocks of stock to big investors.⁷¹⁴ Financially, customer stock ownership was hardly a drop in the bucket for AT&T. The Pacific Gas and Electric Company raised a higher percentage of its capital through customer stock ownership over time. In 1914, when the company began selling stock to customers, thirty-five percent of its capital came from stocks and the rest from bonds. By 1929, the proportion of capital that the company had raised through stock had increased to forty-seven percent.⁷¹⁵

The important fact that customer stock ownership was not carried out to raise capital becomes even clearer when electricity, gas, and telephone utilities are compared to other capital intensive industries, something Means himself did, but overlooked the full implications of his own analysis. Means found that in 1921 US Steel had around 107,000 shareholders while AT&T had around 186,000, yet by 1929 US Steel had only 121,000 shareholders while AT&T had 470,000, a much larger increase.⁷¹⁶ The difference is more striking when the sizes of the companies are compared. By 1930, US Steel had \$2,286 million in assets while AT&T had around twice that, or \$4,228 million, yet AT&T had almost four times as many shareholders by that date. A similar example can illustrate the situation in the electricity industry. At the beginning of 1930, International Harvester had \$384 million in assets, which made it about the same size as Southern California Edison, at \$340 million in assets. Yet International Harvester had only 40,200 shareholders in 1930, while Southern California Edison had 110,448, almost three times as many. There were exceptions, but these examples illustrate the general rule that utility monopolies had a disproportionate number of shareholders.⁷¹⁷ What explains this disparity? Monopoly corporations sold more stock than corporations in competitive industries because utilities were regulated monopolies and much more dependent on public opinion. For that reason, customer stock ownership was almost exclusively practiced by monopoly utilities. It was overwhelmingly about politics.

As customer stock ownership became common throughout the utilities industries, credit to PG&E for inventing the strategy began pouring in from utility executives, industry journals, and the financial press. Members of the National Electric Light Association (NELA), the major electricity industry group, routinely credited PG&E with inventing customer ownership.⁷¹⁸ An executive at the Oklahoma Gas & Electric Company declared at the 1922 NELA, “the industry as a whole owes a debt of gratitude to the Pacific Gas & Electric Company for having inaugurated this scheme which is now

⁷¹³ *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1928* (New York: 1929), 18.

⁷¹⁴ Both AT&T and the electricity companies also sold stock to investment banks, insurance companies, and other large purchasers to obtain capital.

⁷¹⁵ *Nineteenth Annual Report of the Pacific Gas and Electric Company for the Fiscal Year Ended December 31, 1924*, 33, The Bancroft Library, University of California, Berkeley; *Twenty-Fourth Annual Report of the Pacific Gas and Electric Company for the Fiscal Year Ended December 31, 1929*, 14, The Bancroft Library, University of California, Berkeley.

⁷¹⁶ Means, “The Diffusion of Stock Ownership in the United States,” 593.

⁷¹⁷ Berle and Means, *The Modern Corporation and Private Property*, 104, 23, 52.

⁷¹⁸ *NELA Bulletin* 9, no. 1 (January 1922), 26; John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 207; “Customer Ownership Committee,” *NELA Proceedings*, 1927, 218-223.

being pushed so generally.”⁷¹⁹ A vice-president of the Southern California Edison Company traced his company’s use of customer ownership to PG&E, telling a group of utility executives in Boston that “from San Francisco the scheme came down to Los Angeles.”⁷²⁰ This was the same Southern California Edison Company that had lost nearly seventy-five percent of its business after Los Angeles residents voted for municipal ownership in 1914. The president of Southern California Edison thought the company might go bankrupt, but it survived due to the growth of LA’s suburbs where the company still sold power. After that experience, however, the company took no chances with public ownership in its remaining markets and became a major practitioner of customer stock ownership.⁷²¹

The idea of selling stock to utility users was not entirely new in 1914 when PG&E began selling stock to customers. But in the past, these efforts had been employed by fledgling utility organizations that sought to provide service in rural areas where service would not otherwise be available. Often, these small telephone and electricity organizations were boosted by farmers, merchants, or doctors who constructed rudimentary networks and offered service to nearby residents in exchange for them paying for a share of the equipment. These organizations can best be thought of in the same way they thought of themselves, as cooperative associations, or “mutuals.” In contrast, the Pacific Gas & Electric Company was a multi-million dollar company, with tens of thousands of customers, and shares of its stock traded on the San Francisco Board of Stocks and Bonds when the company first introduced customer stock ownership. In terms of organizational size, technological sophistication, and a clear division between customers and the corporations, PG&E was a different kind of organization offering a different kind of ownership program. The customer stock ownership program introduced by the Pacific Gas & Electric Company in 1914 can therefore rightfully be considered the first program of its type in American business history.⁷²²

The Utilities’ Situation after the War

After World War I, customer stock ownership spread rapidly because the strategy was now used to fight an additional common enemy of utilities—low utility rates as set by regulatory commissions. In the inflationary period during and directly after the war, many Americans began to scrutinize their utility bills, as did the utilities. Prices on labor and materials were going up, but the rates utilities could charge were fixed by state utility boards. After a long period of price declines due to efficiency gains, utilities now wanted customers to accept higher rates, which many did not want to do.⁷²³ The result was a

⁷¹⁹ “Customer Ownership,” *NELA Proceedings, 1921*, 1:146, 148.

⁷²⁰ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 39.

⁷²¹ Myers, *Iron Men and Copper Wires*, 149-51.

⁷²² For examples of utility cooperative associations see: Tulare County Power Co., *How to Own Your Own Power* (Porterville, CA: Messenger Print, August, 1911), 15, California Public Utilities Commission Collection, California State Archives, Sacramento, California; Glaser, *Electrifying the Rural American West*, 38-39; Claude S. Fischer, *America Calling: A Social History of the Telephone* (Berkeley: University of California Press, 1992), 43; MacDougall, *The People’s Network*, 110, 136, 140, 143.

⁷²³ National Electric Light Association, *Electric Light and Power: Facts and Figures on the Development and Scope of the Industry in the United States, Prepared, as the Statistical Section of the N.E.L.A.*

struggle over rates, but it was more than just a contest over who would get the most out of a jealous commercial relationship. For utility companies, the struggle over rates was every bit as serious as the threat of public ownership. If a vote for public ownership meant death by democratic guillotine, consistently low rate rulings meant death by financial starvation. In both cases, the survival of the firm was at stake. If utilities failed to secure rate increases, their existing infrastructure would crumble, their ability to meet growing demand would decline, and customer-satisfaction would evaporate. Calls for public ownership might easily reappear, and the next national emergency—a prolonged depression, say—might make the next experiment in government ownership the last. The experience of the railroads during World War I provided a sobering reminder to utility executives of how strict rate regulation combined with terrible public relations could lead to decaying infrastructure, an angry public, and ultimately, nationalization.⁷²⁴ Although the railroads received their property back after the war, the industry had much more government interference than either the telephone, gas, or electricity industries cared to deal with.⁷²⁵

In order to secure rate increases, utilities needed approval from state regulatory commissions, but in order to receive that approval, utilities first needed to obtain public good will. This was because state commissions were new institutions at the time and they could not risk their own legitimacy by flagrantly violating public opinion. Their rulings ultimately had to be supported in the court of public opinion. As Samuel Insull, the president of the Commonwealth Edison Company, told a group of utility executives in 1921, “our income, our earning capacity, is dependent, primarily in my judgment, upon public good will.”⁷²⁶ AT&T vice-president E.K. Hall agreed, telling a gathering of employees in 1922: “I want to emphasize this point—whether we get adequate rates and so can be assured of a safe margin depends almost absolutely in the last analysis on public opinion.”⁷²⁷

In the Progressive Era, utilities executives had supported the establishment of regulatory boards as a way to contain reform, but now those boards had to be managed through public opinion. The establishment of regulatory boards did not end the struggle between monopoly utilities and consumers, it merely shifted the terms of the debate. In the Progressive Era, the fate of utilities mainly hinged on the question: should corporate utilities be regulated or taken over? When the establishment of regulatory boards

Handbook, by the Association's Statistical Department, March, 1928 (New York: 1928), 21-31; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 480-481; Jay Brigham, *Empowering the West: Electrical Politics before FDR* (Lawrence, KA: University Press of Kansas, 1998), 135; Charles David Jacobson, *Ties that Bind: Economic and Political Dilemmas of Urban Utility Networks, 1800-1990* (Pittsburgh: University of Pittsburgh Press, 2000), 103.

⁷²⁴ David M. Kennedy, *Over Here: The First World War and American Society* (New York: Oxford University Press, 1982), 253.

⁷²⁵ Although the telephone network was also nationalized during the war, the reasons for this were more largely political, rather than operational, see Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge: The Belknap Press, 2010), 395-96.

⁷²⁶ Samuel Insull, “The Gas Industry’s Biggest Task,” speech before the Annual Convention of the American Gas Association, Chicago, November 11, 1921, 4, Folder 20-8, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

⁷²⁷ “A Memorable Speech on Public Relations,” *Southern Telephone News*, January 1922, 3, AT&T Archives-TX.

answered that question in favor of regulation, the question became: will regulation work? That depended on the ability of corporate utilities to court public opinion. Customer stock ownership was a major component of that project. If the attitudes of consumers could be changed from antagonism to cooperation, or at least to indifference, utilities could lift the brake of public opinion from the wheels of regulation and speed the way toward faster rate increases and a profitable 1920s.

The issue of low rates was particularly pressing for AT&T after World War I. Before the war, going back to the nineteenth century, AT&T had carefully cultivated its public image by advertising extensively, reducing call-placement times, and training operators in customer courtesy.⁷²⁸ But the period of telephone nationalization during World War I destroyed much of what AT&T had built up in terms of its public image and customer service. Unionism was on the rise, employee morale was low, and training was insufficient due to high turnover during the war. Workers were also upset over low wages and passed their frustration on to customers. In addition to these internal problems, AT&T faced a large number of rates cases and its share price was slipping.⁷²⁹ Some historians have seen the Kingsbury-McReynolds agreement of 1913, in which AT&T accepted certain restrictions in exchange for government recognition of AT&T's monopoly, as a key turning point in the history of the firm, which it was.⁷³⁰ Yet the years immediately after the war represented another critical moment for the company. It was the "greatest crisis in the history of the Bell System," AT&T vice-president E. K. Hall stated in 1922.⁷³¹ Looking back on the turmoil from 1930, AT&T President Walter Gifford, called it a period of "critical emergency."⁷³²

It was in this political-economic context that AT&T initiated its first customer stock ownership program in 1921. The strategy provided AT&T with a solution to a difficult riddle of how to secure rate increases while at the same time improving public opinion. By selling stock to thousands of Americans and returning a portion of the company's profits back to customer-shareholders, AT&T could cast itself, not as a greedy monopoly, but as the responsible steward of the nation's small investors. To oppose

⁷²⁸ For discussions of Bell's operator training and procedures, see the first chapter of Norwood, *Labor's Flaming Youth* and the first two chapters of Green, *Race on the Line*.

⁷²⁹ *Stenographic Report of Mr. Gifford's Talk at the Operating Conference (Seaview), May 7, 1930*, File: Conferences, 1925-1933, 5-6, Box 10, Collection 3, Record Group 5, AT&T Archives-TX; Mahon, "The Telephone in Chicago, 1877-1940," typescript, 75-76, AT&T Archives-TX; Garnet, *The Telephone Enterprise*, 133.

⁷³⁰ Kenneth Lipartito, *The Bell System and Regional Business: The Telephone in the South, 1877-1920* (Baltimore: The Johns Hopkins University Press, 1989), 201-202; Venus Green, *Race on the Line: Gender, Labor, and Technology in the Bell System, 1880-1980* (Durham, N.C.: Duke University Press, 2001), 14-15; Robert W. Garnet, *The Telephone Enterprise: The Evolution of the Bell System's Horizontal Structure, 1876-1909* (Baltimore, MD: The Johns Hopkins University Press, 1985), 153-54, 157; yet MacDoughall in *The People's Network* correctly shows that even Kingsbury himself did not view his commitment as the end of Bell's problems, 242.

⁷³¹ This is not an exact quote but a paraphrase written in a summary of Hall's speech, "Review of the Previous Conference—Program of the Work to Date—Personnel Work in Other Industries—Importance of Morale," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 9, Box 88, Record Group 4, Collection 6, AT&T Archives-TX.

⁷³² *Stenographic Report of Mr. Gifford's Talk at the Operating Conference (Seaview), May 7, 1930*, File: Conferences, 1925-1933, 5-6, Box 10, Collection 3, Record Group 5, AT&T Archives-TX.

AT&T rate increases would be to oppose the many small investors themselves.⁷³³ In the eyes of AT&T executives, stock ownership would also make customers more willing to trade special privileges, such as a nationwide monopoly, for user benefits, such as quality service, when that deal came with the ultimate user benefit—a healthy \$9 dividend.⁷³⁴



AT&T hoped that any lingering antimonopoly sentiment would decline each time customers opened their dividend checks, as shown in this AT&T advertisement for stock ownership from 1922.⁷³⁵

Before launching their own customer ownership plan, AT&T executives had been observing the strategy in the electricity industry and after adopting the idea, AT&T received advice on its customer ownership program from electricity executives. In 1920, before AT&T initiated its customer ownership plan, a manager for the Pacific Telephone and Telegraph Company (PT&T) observed that “a large public utility in the light and

⁷³³ Ott, *When Wall Street Met Main Street*, 164; Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998), 74; A. Emory Wishon, “Now and Tomorrow with Customer Ownership,” in “Popular Ownership of Property: Its Newer Forms and Social Consequences,” ed. William L. Ransom and Parker Thomas Moon, special issue, *Proceedings of the Academy of Political Science in the City of New York* 11, no. 3 (April, 1925): 408, 410; American Telephone and Telegraph Company, *Comments Submitted to Federal Communications Commission by American Telephone and Telegraph Company on Commission Exhibit 230: Ownership of American Telephone and Telegraph Company* (AT&T, November 19, 1937), 4-6, AT&T Archives-TX.

⁷³⁴ AT&T, *Comments Submitted to the FCC, Exhibit 230*, 6; Marchand, *Creating the Corporate Soul*, 74; Ott, *When Wall Street Met Main Street*, 153; for a discussion of monopoly privileges in exchange for low rates see John, *Network Nation*, 407.

⁷³⁵ AT&T, “Owned by Those It Serves,” *Southern Telephone News*, November 1922, back cover, Courtesy of AT&T Archives and History Center.

power field in our own territory advertises the issue of notes at a rate which will net the purchaser 7.70 per cent.”⁷³⁶ He was probably referring to either the Pacific Gas & Electric Company or the Southern California Edison Company. When PT&T began offering stock directly to customers, none other than A. F. Hockenbeamer, the man who invented customer ownership at PG&E, wrote to the president of PT&T and advised him that if PT&T wanted to sell any of its new preferred stock the company needed to declare immediate dividends. Hockenbeamer’s letter eventually reached AT&T president Walter Gifford, the dividends were declared, and stock sales followed.⁷³⁷ Far from inventing customer stock ownership, as some historians have suggested, AT&T learned it from the electricity industry.⁷³⁸

Before AT&T engaged in customer ownership, it was not clear that the strategy could be used on a national scale. Even after electricity companies proved that customer ownership could be used on a regional level, many observers still wondered whether the strategy could be used to improve public opinion across multi-state service territories.⁷³⁹ But the pinch of inflation and rate regulation in the early 1920s gave AT&T executives a good reason to try, and their nationwide organization gave them a good chance of success.

The Social History of Employee Stock Selling

In order to sell as much stock as possible to customers, utility executives in all utility industries used advertising, of course, but they were not content to wait for customer demand. Instead, executives developed innovative methods to supply stock directly to customers. The most important of these was forcing utility employees peddle stock to their family, friend, and neighbors.

Since the Bell System alone employed over 400,000 workers in 1929—the largest number of any company in America at the time—and the electricity and gas industries employed another 230,000 workers, the relationship networks executives were able to tap into was immense.⁷⁴⁰ And, since utilities employed, not only managers, accountants, lawyers, and engineers, but also clerks, conductors, cashiers, linemen, metermen, switchboard operators, and ticket agents, employees were able to reach thousands of Americans who would not normally have been solicited by securities salesmen or gone into a brokerage firm.⁷⁴¹ By tapping into this individually limited but numerically large

⁷³⁶ “Scarcity of Capital,” *The Pacific Telephone Magazine*, June 1920, 3, AT&T Archives-TX.

⁷³⁷ Pillsbury to Gifford, 20 February 1925, 1, File: “PT&T Co.—Stock Issue, 1925 [2 of 3];” Box 49, Record Group 5, Collection 3, AT&T Archives-TX.

⁷³⁸ Ott, *When Wall Street Met Main Street*, 151, 153, 162.

⁷³⁹ “Customer Ownership for Railroads,” *Wall Street Journal*, June 6, 1924.

⁷⁴⁰ Paul A. Walker, Commissioner, Federal Communications Commission, *Proposed Report, Telephone Investigation, (Pursuant to Public Resolution No. 8, 74th Congress)* (Washington: Government Printing Office, 1938), 563; National Electric Light Association, *Statistical Supplement to the ‘Electric Light and Power Industry in the United States’: Prepared, as the Statistical Section of the N. E. L. A. Handbook, Revised to January 1, 1929: Supplement to the N.E.L.A. Publication 289-14* (New York: National Electric Light Association, 1929), 3.

⁷⁴¹ F. L. Deverux, “The Development of the Ownership of the Bell System,” in “Popular Ownership of Property: Its Newer Forms and Social Consequences,” ed. William L. Ransom and Parker Thomas Moon, special issue, *Proceedings of the Academy of Political Science in the City of New York* 11, no. 3 (April, 1925): 420.

market, utility executives harvested millions of dollars in investment capital, but more importantly, they tied their customers' financial future to the utilities' political future.

Utilities did not spend a great deal of time training their employees in their new job of stock selling. Typically, executives introduced their company's customer ownership program to employees in a large meeting where managers stressed that anyone could sell stock and then offered a few pointers, including suggestions for opening lines. When knocking on a customer's door, managers instructed, employees should say: "I have come to see you at the company's request. They want me to tell you of an opportunity the Company is offering to its customers." People in a rush were not receptive to sales offers, managers informed employees, but "after a rest and a supper a man is likely to be in a buying mood." Employees should therefore visit customers at night. Above all, employees should try to gain access to the customer's house rather than make their pitch from the doorstep.⁷⁴²

Also during introductory sales meetings, managers asked employees to subscribe to the company's stock themselves since no employee could be a good salesman "unless he takes a dose of his own medicine," as Samuel Insull explained. Sometimes, managers planted an employee in the audience to be the first to volunteer to buy stock in order to get the other employees to do the same. Regarding these skills, executives cautioned managers to "tell them to say nothing about it."⁷⁴³

Managers also sought to develop a list of sales contacts at these introductory meetings. A manual written by executives experienced in customer ownership drives advised managers to require each employee to provide the names and addresses of ten acquaintances "on whom he agrees to call. THEN LOCK THE DOOR AND LET NOBODY OUT UNTIL THEY TURN IN THE TEN CARDS EACH. Don't be put off by those who say they will think it over and turn in a list later—experience has shown that it then becomes a tremendous task to get in the names."⁷⁴⁴ This method of collecting name cards was "a device which is often found useful," according to a 1925 American Electric Railway Association (AERA) report.⁷⁴⁵

Once managers had the contact information of their employees' friends, utilities sent personalized mail to the prospects' houses, after which managers were instructed to "insist that the employee carry out his agreement and see the ten people." Managers tracked each employee's effort using the prospect cards that the employees had provided.⁷⁴⁶

⁷⁴² Fred H. Scheel, chair, A.H. Grimsley, Percy H. Whiting, "Sales Manual for Public Utility Employees: Prepared by Subcommittee for Use in Customer Ownership Campaigns," *Proceedings of the Forty-fifth Convention of the National Electric Light Association*, Third General and Executive Session, Thursday, May 18, 1922 (New York: National Electric Light Association, 1922), 1:74, 78-79.

⁷⁴³ Scheel quoting Insull from the 1921 NELA convention, "Sales Manual for Public Utility Employees: Prepared by Subcommittee for Use in Customer Ownership Campaigns," *NELA Proceedings, 1922*, 1:74; Percy H. Whiting, chairman, A. H. Grimsley, Fred H. Scheel, "Appendix 2: Successful Methods and Practices for Customer Ownership Campaigns Prepared by Subcommittee," *Proceedings of the Forty-fifth Convention of the National Electric Light Association*, Third General and Executive Session, Thursday, May 18, 1922 (New York: National Electric Light Association, 1922), 1:88.

⁷⁴⁴ Capital letters in original, Whiting, Grimsley, Scheel, "Appendix 2: Successful Methods and Practices for Customer Ownership Campaigns," *NELA Proceedings, 1922*, 1:88.

⁷⁴⁵ "Report of the Customer Ownership Committee," *Proceedings of the American Electric Railway Association, 1925* (New York: American Electric Railway Association), 205.

⁷⁴⁶ Capital in the original; Whiting, "Appendix 2," *NELA Proceedings, 1922*, 1:88-89.

In addition to these introductory meetings, middle-managers often spent the first ten minutes of each work day reminding employees of their new job of stock selling. Occasionally, employees attended additional longer training sessions in which workers had to write down reasons why customers should purchase stock, share their reasons in small groups, and then deliver a speech about customer ownership that combined all the best arguments offered during the session.

Managers plastered bulletin boards in hallways, meeting rooms, and offices with the latest stock-sales team standings, and mimeographed these bulletins and distributed them, along with “fresh sales arguments” and “stories of outstanding individual performances,” in order to encourage employees to participate.⁷⁴⁷ For employees who failed to participate, managers pulled them aside during work and individually admonished them about their need to sell stock.⁷⁴⁸

Despite the training to sell stock, workers received little real financial education. As a Bell executive admitted at a Personnel Conference in 1929, “no effort was made to acquaint the rank and file with the details of the financial statement of the Company.” If a potential investor asked a Bell employee whether the company’s stock had any value, the employee was simply instructed to reply that “it had or the company would not be selling it.”⁷⁴⁹ Electricity employees were taught that if a potential shareholder asked what the likelihood of their company failing was, employees should answer: “None. Based upon the history of utility companies in the United States, there is much less chance of failure than in other sound enterprises.”⁷⁵⁰ According to the AERA Customer Ownership Committee, as long as workers owned some company stock themselves and knew “a few other ‘talking points’ about the security” they were “equipped to take orders.”⁷⁵¹

According to stories traded by executives and articles published in employee magazines, no real knowledge of stocks was necessary. A *Pacific Telephone Magazine* editor reported that one employee sold 936 shares in nine days; workers should simply “place your story before your man, then hand him your fountain pen with the little pink slip for signature and see how quickly he reaches for his check book.”⁷⁵² A Bell executive related an incident to colleagues at a Bell Personnel Conference about a telephone repairman who had been working under the desk of a major newspaper publisher. “The repairman crawled out, looked over the top, and said to the president working on the other side, ‘Have you subscribed for any of our stock?...It pays a 7 per cent dividend—all you have to do is pay \$5 down and \$5 each month a share.’” After a few questions, the newspaper publisher said he would take 100 shares so the repairman pulled out a “soiled application blank and told him to, ‘sign on the dotted line and yours truly will do the

⁷⁴⁷ “Report of the Customer Ownership Committee, Appendix A: Customer Ownership Methods,” *AERA Proceedings, 1925*, 206.

⁷⁴⁸ “How I sold Fifty Shares of Stock,” *Pacific Telephone Magazine*, October 1925, 33, AT&T Archives-TX.

⁷⁴⁹ C. E. Rolfe, W. J. O’Connor, J. T. Sheafor, and J. C. Koons, “Getting Information to Employees,” in *Bell System Personnel Conference, Washington, D. C. October, 23-30, 1929*, 5, Box 88, Record Group 4, Collection 6, AT&T Archives-TX.

⁷⁵⁰ Scheel, “Sales Manual for Public Utility Employees,” *NELA Proceedings, 1922*, 1:81.

⁷⁵¹ “Report of the Customer Ownership Committee, Appendix A: Customer Ownership Methods,” *AERA Proceedings, 1925*, 205.

⁷⁵² “‘I Can and I Will,’ Says Mr. Brommage,” *Pacific Telephone Magazine*, January 1925, 23, AT&T Archives-TX.

rest.” The publisher then wrote several stories in his paper about the stock ownership campaign.⁷⁵³ Whether or not the story is true, it was used to justify the idea that not much training was needed for employees to sell stock.

To motivate employees to sell stock, utilities offered small commissions. These commissions varied from fifty cents to two dollars for each share sold at a par value of one hundred dollars, or a one-half to two percent commission. Employees who sold shares on the installment plan received a lower commission, usually twenty-five cents. Supervisors also received commissions based on how many shares their employees sold.⁷⁵⁴ Since selling small amounts of stock to large numbers of people produced more good will than selling large amounts of stock to a few people, employees often received lower commissions the more stock they sold.⁷⁵⁵ Most companies capped the number of shares sold in a single sale that they would pay commission on and many companies even limited the number of shares a single customer could buy.⁷⁵⁶ Clearly, utility executives cared more about establishing friendly customer relations than raising capital.

Utilities also established sales quotas for employees, which ranged from two shares a month to one share a year.⁷⁵⁷ Several companies divided departments into rival sales teams, which a NELA report recommended “so that there will be a natural basis for the inter-team rivalry.”⁷⁵⁸ At many companies these teams were referred to as “armies or divisions, while the officers are known as commanders, captains, lieutenants.”⁷⁵⁹ Managers at the Southern California Edison Company went as far as dividing each office into a red team and a blue team, and set them against each other.⁷⁶⁰ “Everything was done to arouse competition,” the company’s president reported to executives at an industry conference.⁷⁶¹ It was no surprise that employees at his company soon fell to bickering over who would get credit for stock sales made to people who spoke with more than one employee before deciding to buy stock.⁷⁶²

Despite the quota, stock selling had to be done strictly off the clock, on the employees’ own evenings, weekends, or lunch hour. “No employee must slight his own work,” declared one executive while discussing employee stock sales at a NELA

⁷⁵³ Rolfe et al, “Getting Information to Employees,” in *Bell System Personnel Conference, Washington, D.C. October, 23-30, 1929*, 5; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T Archives-TX.

⁷⁵⁴ “Round Table on Customer Ownership Problems,” *NELA Proceedings* (1924), 218; “Report of the Customer Ownership Committee, Appendix A: Customer Ownership Methods,” *AERA Proceedings, 1925*, 202, 05.

⁷⁵⁵ Whiting, “Appendix 2,” *NELA Proceedings, 1922*, 1:84; “Round Table On Customer Ownership Problems,” *NELA Proceedings* (1924), 219.

⁷⁵⁶ “Report of the Customer Ownership Committee,” *AERA Proceedings, 1925*, 202; Whiting, “Appendix 2,” *NELA Proceedings, 1922*, 1:83.

⁷⁵⁷ Southern California Edison Company, Securities Department (1917): 4, Box 114, Folder 4, SCE Records; “Putting More E’s in Stock Sales,” *Pacific Telephone Magazine*, April 1926, 35, AT&T Archives-TX.

⁷⁵⁸ *Answers to Customer Ownership Questionnaire*, 1930, 66, Box 116, Folder 4, SCE Records.

⁷⁵⁹ “Report of the Customer Ownership Committee,” *AERA Proceedings, 1925*, 205.

⁷⁶⁰ Southern California Edison Company, “Important Special Stock Sales Bulletin, January 1, 1926,” 1, Box 115, Folder 4, SCE Records.

⁷⁶¹ John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 208.

⁷⁶² “Stock Salesmen Meeting Held in Assembly Room, Edison Building on November 5, 1921,” 2, Box 114, Folder 8, SCE Records.

conference in 1924, “we hold them very strictly to account as regards their own job and their own line of work.”⁷⁶³

For the winning teams of monthly sales competitions, companies offered trophies or company pennants, while particularly enthusiastic individual employees received flowers, a letter of commendation, or a write-up in the company’s employee magazine.⁷⁶⁴ Despite these inducements, most employees appear not to have been very enthusiastic about selling stock. One manager observed that employees at his office were overjoyed when news arrived that their company would not be assigning quotas that year.⁷⁶⁵ Yet, some managers reported that employee morale increased as workers delivered sales pitches to neighbors.⁷⁶⁶ One Bell employee was recognized for selling more dollars’ worth of stock than the value of the office building in which he worked.⁷⁶⁷



Employees at the central information office of the Pacific Telephone & Telegraph display the banner they received for selling the most stock in their region, November 1926.⁷⁶⁸

⁷⁶³ “Round Table on Customer Ownership Problems,” *NELA Proceedings* (1924), 219-220.

⁷⁶⁴ *Pacific Telephone Magazine*, November 1925, 22, AT&T Archives-TX; “Ramona Office Wins Two Banners,” *Pacific Telephone Magazine*, April 1926, 19, AT&T Archives-TX; *Answers to Customer Ownership Questionnaire*, 1930, 69, Box 116, Folder 4, SCE Records; “How I Sold Fifty Shares of Stock,” *Pacific Telephone Magazine*, October 1925, 33, AT&T Archives-TX.

⁷⁶⁵ “No Stock Quotas,” *Busy Buttons’ Bulletin*, February 1928, Box 461, Folder 4, SCE Records.

⁷⁶⁶ “Round Table On Customer Ownership Problems,” *NELA Proceedings* (1924), 219.

⁷⁶⁷ J.C. Rourke, Jr., “How’s This For a Sales Record? John H. Schrodt of Thibodaux Has Made 208 Sales of 704 Shares,” *Southern Telephone News*, February, 1927, 19, AT&T Archives-TX.

⁷⁶⁸ “Customer Ownership Helps,” *Pacific Telephone Magazine*, November 1925, 22, Courtesy of AT&T Archives and History Center.

Stock Sales at Branch Offices

In addition to selling stock to employees' friends and neighbors, utilities also sold stock directly to customers at local utility offices. As residential electricity and telephone use skyrocketed in the 1920s, utilities enjoyed a steady stream of customers coming into branch offices to sign up for utility service or pay their monthly bill. This provided customer service clerks with numerous opportunities to sell stock and they were one of the few types of employees exempted from the prohibition against selling stock while on the clock. Rather, these clerks were required to peddle stock to every customer who walked in the door. To do this, one enterprising employee at the Southern California Edison Company stationed himself between the clerk who took the customers' bill and the clerk who took the customers' money in order to glance down at the name on the bill and then launch into a sales pitch before customers could complete their transaction. When that held up the line too much, clerks began intercepting customers as they walked from the front door to the counter in order to strike up a conversation with them about buying stock.⁷⁶⁹

Streetcar station agents and platform men distributed pamphlets about stock to passengers while they sat in waiting rooms or stood on platforms and conductors harangued passengers about buying stock as they traveled in the cars. Streetcar companies also plastered their waiting rooms, platforms, and cars—inside and out—with posters and banners advertising stock.⁷⁷⁰

Eventually, this constant pressure to buy stock got on customers' nerves. Managers reported that customers were demanding "peace" on the subject of stock ownership. "I don't want to talk Edison stock," fumed one customer at a Southern California Edison office in 1921, "I want to pay my bill."⁷⁷¹

Morality and the Stock Market

In trying to sell stock to average Americans, utilities faced an uphill battle against a general association of stocks with gambling and the bad reputation of utility stocks in particular. Many Americans in the Progressive Era and early 1920s viewed "playing the market" as gambling and an immoral squandering one's money.⁷⁷² In the cities, speculating in utilities stock seemed particularly morally dubious since many urban residents could recall specific examples of streetcar and railroad executives who promoted watered stock to unsuspecting consumers, even while getting unloading their own shares, and making huge profits in the process. The massive stock-watering of William C. Whitney's New York streetcar line and the huge customer losses that occurred when the company's stock crashed in 1907, was a memory "ever present with the citizen of New York," according to one business journalist in 1910.⁷⁷³

⁷⁶⁹ "Stock Salesmen Meeting, October, 8, 1921," 7-8, Box 114, Folder 8, SCE Records.

⁷⁷⁰ "Report of the Customer Ownership Committee," *AERA Proceedings, 1925*, 200, 203-04; "Report of the Customer Ownership Committee," *AERA Proceedings, 1925*, 203-04.

⁷⁷¹ "Stock Salesmen Meeting, October, 8, 1921," 1, Box 114, Folder 8, SCE Records.

⁷⁷² Ann Fabian, *Card Sharps and Bucket Shops: Gambling in Nineteenth-Century America* (Ithaca: Cornell University Press, 1990); T.J. Jackson Lears, *Something for Nothing: Luck in America* (New York: Viking, 2003); Morris, *Railroad Administration*, 222.

⁷⁷³ Burton J. Hendrick, *The Age of Big Business: A Chronicle of the Captains of Industry* (New Haven, Conn.: Yale University Press, 1919), 146-47; Ray Morris, *Railroad Administration* (New York: D. Appleton and Company, 1910), 222.

Some farmers also denounced those who traded in paper, such as futures and options traders, as profiteers, not producers. Many viewed stock market profits as ill-gotten gain rather than the just rewards of Providence, a view that was only confirmed for many Americans by the 1912 Pujo Investigation into the “Money Trust” and Louis Brandeis’s summary of the investigation, entitled *Other People’s Money*. Robber barons manipulated the market, many Americans believed and they had no desire to hand over their money to brokers or bankers.⁷⁷⁴

Utilities therefore faced the double project of making utility stock ownership seem both morally sound and financially safe. To do this, utilities portrayed stock buying as a moral act of thrift in contrast to wasting one’s money on gambling or drink. Utility advertisements and executives speeches also argued that behind each share of utility stock stood tangible profit-generating infrastructure that was conservatively managed by sober and experienced directors. Furthermore, purchasing stock lent a virtuous helping hand to the great patriotic effort of economic development. To contribute one’s savings to this honorable endeavor was to assist in the moral and material progress of the nation.⁷⁷⁵

It was one thing to print ads and make speeches, however, and quite another to actually convince Americans to exchange their hard-earned cash for another kind of paper. Small investors with their long memories had no desire to be suckered by securities peddlers. Many Americans had had their first experience in securities by buying Liberty Bonds during World War I and shortly thereafter received their first lesson in financial fraud. In the months after the war, swindlers took over \$400 million in Liberty Bonds from individual holders. In the 1920s, another common fraud involved fly-by-night securities salesmen who duped unwary shareholders into exchanging legitimate shares for stock in a seemingly more promising company. By the time shareholders realized they had been tricked, the swindler had usually disappeared, often with their last victim’s life savings. In some cases, the victim committed suicide.⁷⁷⁶ An estimated \$500 million worth of fraudulent shares were sold or exchanged in this way in the 1920s.⁷⁷⁷ It was in this atmosphere that utilities first tried to sell stock to customers. Although most utilities operated income-generating properties, they still had to convince customers of this in order to get them to invest.

Due to the widespread mistrust of stock and stock peddlers among Americans, utility executives looked for ways to distinguish themselves from swindlers and distance themselves from the utility industries’ own past.⁷⁷⁸ Utility companies participated with the Better Business Bureau to develop an “Ask Before You Buy” campaign, which encouraged novice investors to seek professional advice before handing over money for

⁷⁷⁴ Fabian, *Card Sharps and Bucket Shops*; Lears, *Something for Nothing*; Cowing, *Populist, Plungers, and Progressives*.

⁷⁷⁵ “What Becomes of All the Stock Listed?” *Pacific Telephone Magazine*, November, 1925, 14, AT&T Archives-TX; Illinois Committee on Public Utility Information, *Public Opinion and Public Utilities: Speakers’ Bulletin No. 1, 1920: The Nature, Development and Service of Public Utility Companies* (Chicago: 1920), 12, 14, Box 449, Folder 5, SCE Records; “Thrift,” *Pacific Telephone Magazine*, April, 1926, 19, AT&T Archives-TX.

⁷⁷⁶ “The Financial Side of ‘Pacific Service,’: A Word of Caution to Our Stockholders,” *Pacific Service Magazine* (January 1925), 90.

⁷⁷⁷ Cowing, *Populist, Plungers, and Progressives*, 97, 72.

⁷⁷⁸ Harry Robbins, Chairman, National Vigilance Committee, New York City, discussion following Doherty’s speech, “Safeguarding the Investing Public,” *NELA Proceedings* (1924), 215.

stock. One electricity company sent out letters to all of its shareholders warning them against trading their shares with traveling salesmen.⁷⁷⁹

Executives also argued that their businesses were safe from mismanagement because shareholders themselves kept a watchful eye on the decisions of management. This was a difficult argument to make, however, since utilities overwhelmingly sold non-voting “preferred stock” to customers, which made it impossible for shareholders to control the company, even if they wanted to. Even at AT&T, which sold common stock that included voting rights, officers had no intention of letting small shareholders take part in management decisions. AT&T officers carefully calculated exactly how many shares they controlled and the board of directors, selected the slate of proxies that the vast majority of shareholders accepted. At no time was management’s control at risk.⁷⁸⁰ Customer stock ownership may have democratized corporate shareholding, but it did not turn corporations into democracies.

There was some truth to the argument that shareholders kept executives in line, however. Though many customer-owners could not vote or did not own enough shares for their vote to matter, customer-shareholders would know if their stock went bad. Executives understood that if they did not want the good-will purpose of customer-ownership strategy to backfire, they had to continue to pay dividends. AT&T president Walter Gifford acknowledged in the company’s 1926 *Annual Report* that the “widespread ownership permits, and in fact obliges, management to make its decisions with a long look ahead rather than for the possible temporary advantage of the moment.”⁷⁸¹

This was more than just rhetoric for shareholders. Executives behind closed doors constantly reminded each other that the stock they sold to customers had to be legitimate in order to maintain the positive public opinion the industry so desperately desired.⁷⁸² The Customer Stock Ownership Committee of NELA warned executives in 1922 about “the danger of selling to small-saving investors, any security which might in periods of stress suspend dividends.”⁷⁸³ In 1925, NELA created a list of “Ten Cardinal Rules of Customer Ownership,” which included a rule against defaulting on dividends or selling fraudulent stock. Both AERA and AGA members specifically cited this rule in their discussions of customer ownership and NELA included the whole list in each year’s customer ownership report.⁷⁸⁴

⁷⁷⁹ Harry Robbins, Chairman, National Vigilance Committee, New York City, in a discussion following Henry Doherty’s speech, “Safeguarding the Investing Public,” *NELA Proceedings* (1924), 214-15; “Customer Ownership Committee,” *NELA Proceedings*, 1928, 250-51, 268-69; William H. Hodge, Vice-President, Sales and Advertising, H.M. Byllesby & Co., “What Should Shareholder Contact Be?” *American Gas Association Monthly*, November 1928, 727.

⁷⁸⁰ Walker, FCC, *Proposed Report, Telephone Investigation* (1938), 112; Danielian, *AT&T*, 35, 37.

⁷⁸¹ *AT&T Annual Report for the Year 1926*, 11.

⁷⁸² Kennedy, “Transforming Public Opinion,” SCE Records, 8, Box 289, Folder 26, SCE Records; “Report of Customer Ownership Committee,” *NELA Proceedings*, 1922, 1:66; Scheel, “Sales Manual for Public Utility Employees,” *NELA Proceedings*, 1922, 1:81.

⁷⁸³ “Report of Customer Ownership Committee,” *NELA Proceedings*, 1922, 1:66.

⁷⁸⁴ “Report of the Customer Ownership Committee,” *AERA Proceedings*, 1925, 199, 201; William H. Hodge, Vice-President, Sales and Advertising, H.M. Byllesby & Co., “What Should Shareholder Contact Be?” *American Gas Association Monthly*, November 1928, 727; “Customer Ownership Committee,” *NELA Proceedings*, 1928, 252; “Report of the Customer Ownership Committee—1930,” *NELA Proceedings*, 1930, 1252; “Report of the Customer Ownership Committee—1931,” *NELA Proceedings*, 1931, 1093.

In the crunch of the Depression, however, not all executives followed the rule. Fred Scheel, the mastermind behind Insull's customer stock ownership campaigns, purposely drove down share prices of Insull's Commonwealth Edison Company in 1931 in an attempt to raise cash to pay Insull's ever-increasing debts and save Insull's companies from bankruptcy. Scheel admitted in an interview in 1959 that he and Samuel Insull Jr. short-sold Commonwealth Edison stock and then dumped shares of the stock on the market in order to drive down its price and obtain capital in an unauthorized effort to help Insull Sr. When Insull Sr. found out about the scheme, however, he put a stop to it, saying, according to Scheel, "we've got a responsibility to our stockholders." Even in the face of losing his empire, Insull did not intentionally destroy the investments of his shareholders, at least not in this particular instance, though the same cannot be said for Scheel and Insull's own son.⁷⁸⁵ AT&T President Gifford may also have meant what he said to Congress in 1934 regarding a regulatory bill, even while keeping his company's interests in mind, when he stated that, "as trustees responsible for...the safety of the investment of these hundreds of thousands of people [shareholders], we must oppose to the full extent of our ability the passage of this measure."⁷⁸⁶

While not usually profligate with their shareholders' money, utility executives in the 1920s did not exclusively focus on generating shareholder profits, as some executives did both before and after.⁷⁸⁷ Instead, utility executives often spoke of a duty to the general public, as well as to customer shareholders and institutional investors.⁷⁸⁸ Since the main purpose of customer stock ownership was to improve public opinion toward monopoly capitalism, any blatant disregard for the public would have harmed that goal. Utility executives served a large portion of Americans and had to keep multiple overlapping constituencies satisfied.

Additional Methods to Sell Stock

In addition to selling stock through home-visits, local offices, and on streetcars, utilities also used other methods to reach potential customer-owners. AT&T set up displays at county fairs that included demonstrations of the latest telephone technology as well as the opportunity to buy stock.⁷⁸⁹ The particularly eager Southern California Edison Company sent salesmen to local factories and asked the owner if he would mind "having his employees encouraged in thrifty ways."⁷⁹⁰ Many owners assented and called their employees back ten minutes early from lunch and let the salesmen talk ten minutes into the afternoon work time. After the sales pitch, salesmen were allowed to walk through the company and sign workers up for stock. One Southern California Edison employee

⁷⁸⁵ Forrest McDonald, *Insull* (Chicago: The University of Chicago Press, 1962), 292-93.

⁷⁸⁶ AT&T, *Comments Submitted to the FCC, Exhibit 230*, 6.

⁷⁸⁷ Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton & Company, 2011), 195-196, 202; John, *Network Nation*, 102, 191; Ott, *When Wall Street Met Main Street*, 219.

⁷⁸⁸ Richard Storrs Coe, "Bell System Buildings—an Interpretation," *Bell Telephone Quarterly*, July 1929, 212; Insull, "The Gas Industry's Biggest Task," 4, Folder 20-8, Insull Papers; "Training for Better Public Contact—Its Necessity and Importance," *NELA Proceedings*, 1928, 281.

⁷⁸⁹ T. H. Dawson, "12,000 See Our Demonstration at Big Copper Country Fair," *The Mouthpiece*, Detroit, MI, November 1924, 5, AT&T Archives-TX.

⁷⁹⁰ Southern California Edison Company, Securities Department (1917): 7, Box 114, Folder 4, SCE Records.

reported that out of 600 factories, “less than 1 per cent did not cooperate to the limit.” In one week of using this method, the Southern California Edison enlisted 11,000 new shareholders, many of whom must have been blue-collar workers and, importantly, local customer and voters.⁷⁹¹

Leaving no stone unturned, the Southern California Edison Company also developed a road-show that included a professional speaker, electric appliance demonstrations, entertaining electricity experiments, and a corporate movie. The show was seen by “thousands and thousands of people,” and, although it did not explicitly stress customer-ownership, “the appeal was there just the same,” the company’s president informed executives at an industry conference.⁷⁹² The company also placed its welfare capitalism programs in the service of customer ownership.

Like many other utilities, the Southern California Edison Company also maintained a staff of full-time securities salesmen who augmented the sales efforts of the company’s regular employees. These hand-picked salesmen went door-to-door, interviewing customers about service quality and inquiring whether the customer owned stock. “I understand your neighbor next door is a stockholder in the Southern California Edison Company,” salesmen were instructed to say, “Have you given the matter any thought?”⁷⁹³

Southern California Edison executives also utilized their welfare capitalism programs to increase stock sales. The company provided employee’s with clubhouses, which employees paid dues to join and which managers were not allowed to enter. But Southern California Edison vice president of finance charged his full-time stock sales staff to “make friends” with the club presidents and “get in under their skin,” to make the club leaders pressure their members to invite acquaintances to the club meetings in order to sell them stock.⁷⁹⁴

Electricity, gas, and telephone managers also gave speeches about customer ownership at local Kiwanis, Lions, and Rotary clubs, as well as at high schools and colleges. This was a “particularly effective” method, according to one manager, who reported that parents were coming into local utility offices to subscribe to stock after hearing about the offer from their kids who had learned about it at school.⁷⁹⁵ As Julia Ott has shown, many of these sales tactics had been used during World War I to sell government bonds, though utility employees had solicited customers to buy stock at local offices as early as PG&E’s first customer ownership drive.⁷⁹⁶

⁷⁹¹ John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 209.

⁷⁹² John B. Miller, President, Southern California Edison Co., “Customer Ownership on the Pacific Coast,” *NELA Proceedings*, May 19, 1924 (1924), 208.

⁷⁹³ Kennedy, “Transforming Public Opinion,” SCE Records, 10, Box 289, Folder 26, SCE Records.

⁷⁹⁴ “Stock Salesmen Meeting Held in Assembly Room, Edison Building on November 5, 1921,” 12, Box 114, Folder 8, SCE Records; “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, SCE Records, 33.

⁷⁹⁵ Miller, “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 208-09.

⁷⁹⁶ Ott, *When Wall Street Met Main Street*, 73, 75-100; “Blazing the Trail for Popular Partnership in ‘Pacific Service,’” *Pacific Service Magazine*, October 1929, 322-323.

Advertising Stock

Utilities also used advertising to promote their customer ownership plans. One electricity industry advertisement featured a picture of an old woman with a caption that read, “I’m a widow and I can’t afford to lose a cent of my money, so I have it safely invested in Preferred Stock of Pennsylvania Power & Light.” Another ad with a different illustration stated, “I’m a working man, I can’t afford get-rich-quick schemes...”⁷⁹⁷ Other ads featured depictions of George Washington, Abraham Lincoln, and Santa Claus. The Southern California Edison Company advertised in all 300 papers within its operating territories as well as on the region’s once-plentiful streetcars.⁷⁹⁸ The company’s advertising strategy, as its president described it, was to “bear down heavily” for a few weeks, and then “let up for a little while and allow the public to catch its breath.” Then another “surge” would follow.⁷⁹⁹ Some utilities even advertised in American newspapers published in foreign languages.⁸⁰⁰

AT&T also employed folksy and ubiquitous advertising to sell stock, as Roland Marchand has skillfully shown.⁸⁰¹ One AT&T advertisement featured a grandmother snapping peas, which was intended to humanize the corporation and make it seem approachable. This part-owner of the company was someone voters could identify with, in contrast to the shadowy and suspect Wall Street financier.

Yet, utility stock advertising went beyond just newspapers and magazines. In addition to advertising in 68 monthly, weekly and daily journals, the Bell System distributed more than a million pamphlets in the 1920s, including over 400,000 copies of its most popular pamphlet *Stock of A.T. & T. Co.*⁸⁰² The Bell Telephone Securities Company also sent 52,000 copies of the *Bell Telephone Securities Manual* to bankers and brokers, printed sample stock certificates for use in window displays at telephone offices, and hung “Orders Received Here” signs over counters at local offices.⁸⁰³ Many electric and gas companies also placed signs throughout their offices, posted giant stock certificates in company windows, distributed stock brochures at branch offices, and sent a “friendly letter” to every customer in their territory.⁸⁰⁴ Historians have made much of advertisements, and print matter in general in shaping public attitudes, but the utilities’ print matter represented only one component of their massive customer-ownership program that relied more heavily on personal contact than on print. Executives relied on face-to-face contact to change the political sentiments of their customers.

⁷⁹⁷ “Sales Manual for Public Utility Employees: Subcommittee for Use in Customer Ownership Campaigns,” *NELA Proceedings, 1922*, 1:72-74.

⁷⁹⁸ Southern California Edison Company, Securities Department (1917): 5, Box 114, Folder 4, SCE Records.

⁷⁹⁹ Miller, “Customer Ownership on the Pacific Coast,” *NELA Proceedings* (1924), 208.

⁸⁰⁰ William Z. Ripley, *Main Street and Wall Street* (Boston: Little, Brown, and Company, 1927), 345.

⁸⁰¹ Marchand, *Creating the Corporate Soul*, 88-94.

⁸⁰² *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1928* (New York: 1929), 6.

⁸⁰³ *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1923* (New York: 1924), 11.

⁸⁰⁴ Whiting, “Appendix 2,” *NELA Proceedings, 1922*, 1:85-86

The Regional Aspect of Customer Stock Ownership

Like most of American politics, the politics of customer ownership had a regional dimension. This was especially true for AT&T's customer ownership program. One of main goals of the company's stock ownership program was to reduce the concentration of AT&T stock in the Northeast and increase it in the South, West, and Midwest, a project AT&T officers called their "redistribution campaigns." By redistributing stock, AT&T executives hoped to "develop a fuller knowledge and better understanding" of the company among area residents, as AT&T's 1922 *Annual Report* stated.⁸⁰⁵ To see if this redistribution was possible, AT&T launched its first customer-ownership campaign in 1921 in an impoverished area of West Texas where the local cattle and lumber industries were hurting. Texas was also infested with independent telephone companies and had been for some time.⁸⁰⁶ If stock of a monopoly could be sold there, it could be sold anywhere. Despite the poor local economy and tradition of independent telephony, Southwestern Bell employees succeeded in selling 25,000 shares of the company's preferred stock with an average sale of just four shares per customer. The next customer ownership campaign took place in Wisconsin, another hotbed of independent telephony and home to Senator Robert La Follette, one of the nation's strongest advocates of government utility ownership. In just four days, the Bell-affiliate, Wisconsin Telephone Company, sold \$5 million worth of preferred stock, with an average sale of just five shares per customer. Following this, customer ownership drives took place in West Virginia, Maryland, and Washington, D.C.⁸⁰⁷

It was only after the success of these initial tests that AT&T executives decided to launch their customer stock ownership program nationwide. To do this, AT&T officers formed the Bell Telephone Securities Company in 1922. The Securities Company served as AT&T's own underwriting and brokerage firm and allowed AT&T to sell stock wherever, and to whomever, the company found most politically advantageous. Regarding this locally placed stock, the president of the Bell Telephone Securities Company, David F. Houston, stated that it was "not necessary or desirable to have it leave the territory....This would not be consistent with the underlying purpose."⁸⁰⁸ Referring to the distribution of stock, AT&T president H.B. Thayer stated in the company's 1921 *Annual Report* that, "we believe that a wide distribution of the securities of the System geographically and among individuals, is advantageous both to the public and to the System...with a wide financial foundation, better understandings and relationships result."⁸⁰⁹ Ironically, Bell Telephone Company founder, Gardiner Hubbard, hated Western Union's telegraph monopoly and promoted decentralized ownership of the Bell company in order to prevent a similar monopoly in the telephone industry. In the

⁸⁰⁵ *AT&T Annual Report for the Year 1922*, 15.

⁸⁰⁶ MacDougall, *The People's Network*, 110; *FTC Letter No. 4* (1928), 447.

⁸⁰⁷ Summary of D. F. Houston's speech, "Telephone Financing and Sale of Preferred Stock to Subscribers," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 60-61; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T Archives-TX.

⁸⁰⁸ Summary of D. F. Houston's speech, "Telephone Financing and Sale of Preferred Stock to Subscribers," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 60; Box 88; Record Group No. 4; Collection No. 6; AT&T Archives-TX.

⁸⁰⁹ *AT&T Annual Report for the Year 1921*, 14.

early 1920s, the Bell System again promoted nationally dispersed ownership, but this time in a defense of its own monopoly.⁸¹⁰

Gas and electric utilities also sold stock in nearly all parts of the country. As early as 1924, gas and electric companies were offering customer ownership in every state in the continental United States except the Dakotas, Mississippi, Nevada, New Mexico, and Wyoming. By 1927, all but Nevada, North Dakota, and Wyoming had customer ownership plans on offer.⁸¹¹

As utilities began selling stock to customers, shareholders began to appear in places far from the traditional centers of banking and finance. Gas and electric companies had sold stock to nearly 10,000 customers in West Virginia, 20,000 customers in Kentucky, and 30,000 customers in Alabama by 1927.⁸¹² Between 1921 and 1924, AT&T increased the number of its shareholders by over 200 percent in California, Iowa, and Wisconsin; by 300 to 600 percent in Minnesota, Montana, Nevada, Wyoming, Idaho; and by no less than 926 percent in North Dakota.⁸¹³ Considering that Robert La Follette came in first or second in each of these nine states in the presidential election of 1924, and that the first plank in his platform was a demand for public ownership of utilities, AT&T's stock redistribution campaign was not an unwise decision from management's point of view.⁸¹⁴ This is not to argue that customer ownership was the only, or even main, reason La Follette lost the election. But the conservative nature of politics in the 1920s was not inevitable. It depended on specific changes in voter sentiment, some of which executives intentionally tried to change. By redistributing stock into the traditional heartland of populism and public ownership, AT&T may have contributed dispelling the antimonopoly sentiment in those regions. Between 1921 and 1929, AT&T increased its shareholders by 1000 percent in eight western states, with no state in the region, except Washington and South Dakota, seeing an increase of less than 200 percent.⁸¹⁵

⁸¹⁰ MacDougall, *The People's Network*, 68-69.

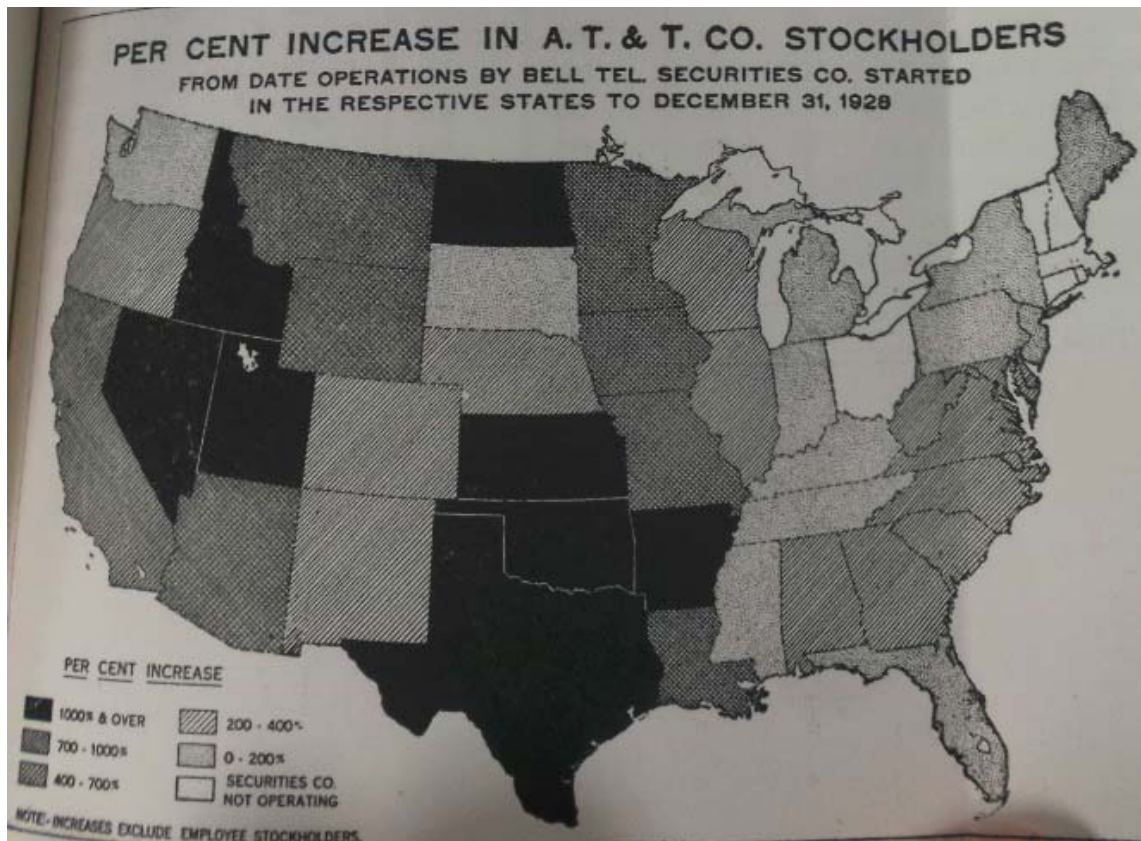
⁸¹¹ "Customer Ownership Committee," *NELA Proceedings, 1927*, 225.

⁸¹² "Customer Ownership Committee," *NELA Proceedings, 1927*, 225.

⁸¹³ *Annual Report of the Bell Telephone Securities Company, Incorporated, For the Year Ending December 31, 1924* (New York: 1925), 14.

⁸¹⁴ David P. Thelen, *Robert M. La Follette and the Insurgent Spirit* (Boston: Little, Brown and Company, 1976), 190.

⁸¹⁵ *Annual Report of the Bell Telephone Securities Company, 1928*, 9.



Increase in AT&T stockholders from 1921 to 1929. AT&T intentionally increased the percent of shareholders in the South and West.⁸¹⁶

⁸¹⁶ *Annual Report of the Bell Telephone Securities Company, 1928*, 7, Courtesy of AT&T Archives and History Center.



Map showing towns and cities where utilities operated customer stock ownership campaigns in 1925.⁸¹⁷

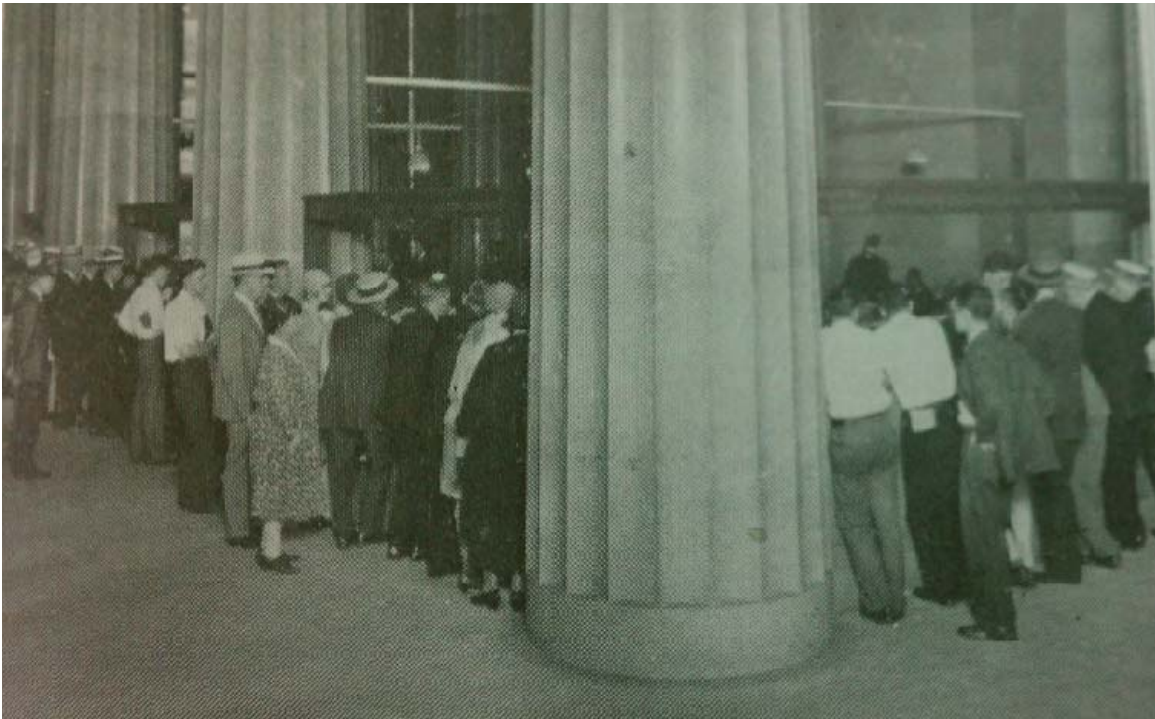
Mechanics of Placing Stock

These impressive sales feats demonstrated the Bell System's extraordinary organizational capability to place stock directly into the hands of customers in all parts of the country. To accomplish this, AT&T extended its organizational tentacles deeper into the affairs of its regional operating companies. Whenever AT&T directors approved a new stock issue—which occurred almost every other year in the 1920s—local Bell employees fanned out across the country, soliciting their friends to buy stock and taking subscriptions from customers at local commercial offices. Simultaneously, thousands of circulars and subscription warrants were mailed to existing stockholders and announcements sent out to all the largest newspapers in the US, as well as overseas. At the end of each day, the orders from each region were tallied and communicated to the Bell Telephone Securities Company, which would fill the orders, either by buying the shares off the New York Stock Exchange or taking the stock directly out of the company's vaults. The Securities Company would then mail the shares to the customer.⁸¹⁸

⁸¹⁷ "Customer Ownership Committee," *NELA Proceedings*, 1926, 324.

⁸¹⁸ *Bell Telephone Quarterly*, October 1923, 261-66.

To handle the spikes in volume that attended new stock issues, the Securities Company augmented their full-time staff of two hundred by hiring up to 700 temporary workers and a small army of college interns. Together, these clerks filled orders, worked the phones, staffed the company's New York sales counter, and replied to over 100,000 letters, many of which required individual responses. During one sales campaign, just sealing envelopes required fifty gallons of "mucilage." On the closing day of the 1926 stock drive, the Securities Company handled more than 50,000 subscriptions at the local offices and through the mail. By 1928, customers were lining up three and four deep at the Securities Company sales counter in New York to purchase shares directly from the company.⁸¹⁹ Americans were getting used to buying stock and many were doing so direct from utilities.



Customers buying stock directly from AT&T at the company's headquarters in New York in 1928.⁸²⁰

Since the goal of the Bell stock-selling campaigns was to place as much AT&T stock as possible with customers, Bell employees often personally contacted individual customers when stock was being offered. When AT&T announced a new stock issue, the company would set a time-window in which existing stockholders could exercise their warrant rights to new shares. Usually, existing shareholders had the right to purchase one share of the new stock issue for each five or ten shares they already owned. Yet many

⁸¹⁹ H. Blair-Smith, "The 1926 Stock Issue of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1926, 265; "1928 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1928, 262, 264, 261, photo opposite page 264.

⁸²⁰ Blair-Smith, "The 1928 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1928, photo opposite page 264, Courtesy of AT&T Archives and History Center.

customers did not know what warrant rights were, let alone that they possessed them. So when the window for exercising warrant rights was drawing to a close, the Bell Securities Company clerks would call customer-owners who had not yet purchased their shares to make sure the customers understood they could buy more stock or could sell their rights for cash.

Customers who could not be reached by telephone often received personal visits from Bell operating company managers. One manager doing home visits reported that sixteen of his previous customers had torn up their warrants because they did not understand that they were worth money.⁸²¹ Another manager visited an elderly couple who lacked the finances to subscribe to more stock and had lost their warrant rights. The manager found the rights under a pile of papers and wrote the couple a check for \$46.70; the going value of four warrants.⁸²² Other customers knew that they wanted stock, but could not figure out how much it cost so they mailed the Securities Company a blank check and asked the company to fill it in.⁸²³ The entire program functioned as a giant public education campaign in corporate securities ownership. Through these letters, calls, and personal visits, thousands of Americans learned to become shareholders in AT&T.

Using these individualized methods the Bell Telephone Securities Company succeeded in placing 99.0 percent of AT&T's 1924 stock issue, an amount the company believed could not be exceeded.⁸²⁴ In 1928, however, the company placed 99.5 percent of the stock on offer with over 400,000 people, selling over \$185 million in stock, making it the largest piece of stock financing of any company in American history to that time.⁸²⁵

Greater speculation in stocks during the late-1920s explains part of the reason for this high placement rate, but the Bell Telephone Securities Company had also refined its techniques by using easier to understand circulars that were personally addressed to shareholders. In 1928, Bell employees sold over twenty percent of that year's stock issue directly to customers at local offices, an increase of forty-nine percent over the 1926 level. In the 1920s, buying stock from traditional brokers via the stock exchange was decreasing, while buying stock directly from company representatives was increasing, at least for the largest company in America.⁸²⁶

Print advertising alone was not sufficient to induce these purchases. Thousands Americans in the 1920s bought AT&T stock because of a highly personal multifaceted effort that required some level customer demand, but also included a great deal of corporate supply. By turning every local office into a brokerage firm and every employee into a stock broker, utilities supplied vast amounts of stock directly to Americans in all parts of the country. Considering that the Bell System maintained over 6,000 branch offices across the U.S., even in very small towns, the Bell System, with its newest

⁸²¹ Blair-Smith, "The 1924 Stock Issue of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1924, 264.

⁸²² "1928 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October, 1928, 256.

⁸²³ Blair-Smith, "The 1924 Stock Issue of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1924, 267.

⁸²⁴ *Ibid.*, 263.

⁸²⁵ "1928 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1928, 254-55.

⁸²⁶ "1928 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October, 1928, 254, 256.

member, the Bell Telephone Securities Company, almost certainly became the largest brokerage in the US during the 1920s in terms of geographic reach and possibly also in terms of volume.⁸²⁷

At these Bell offices, and at gas, electricity, and streetcar offices, customers could buy stock for cash or on the installment plan. Beginning in 1925, over fifty percent of AT&T customer-buyers purchased their shares on a payment plan. In 1923, around one-third of electricity customer-shareholders also purchased their stock on the installment plan.⁸²⁸ At many electric and streetcar utility offices, customer-shareholders could not only buy shares but also sell them in exchange for cash. Offering this buy-back service was one of NELA's "Ten Cardinal Rules of Customer Ownership," and was intended to reassure customers that their shares could be easily sold at any time.⁸²⁹ In a similar fashion, AT&T allowed shareholders to sell their warrant rights for new stock issues at local Bell offices.⁸³⁰

⁸²⁷ In 1925, there were 6,017 "central offices" within the Bell System, Bell Telephone Securities Company, *Bell Telephone Securities Reference Tables and Descriptions for the Use of Investors, Investment Houses, and Bankers, with a Brief Introductory Statement of the Organization and Financing of the American Telephone and Telegraph Company and Associated Companies* (New York: 1935), 21.

⁸²⁸ *Annual Report of the Bell Telephone Securities Company, 1925*, 9; *Annual Report of the Bell Telephone Securities Company, 1926*, 9; *Annual Report of the Bell Telephone Securities Company, 1927*, 8; *Annual Report of the Bell Telephone Securities Company, 1928*, 8; *The Stock of the American Telephone and Telegraph Company* (New York: Bell Telephone Securities Co., September, [1923]), 6; Box 4; Record Group No. 6, Collection No. 6, AT&T Archives-TX; "Customer Ownership Committee," *NELA Proceedings, 1923*, 220.

⁸²⁹ "Report of the Customer Ownership Committee—1931," *NELA Proceedings, 1931*, 1093; "Report of the Customer Ownership Committee, Appendix A: Customer Ownership Methods," *AERA Proceedings, 1925*, 202-03; Whiting, Grimsley, Scheel, "Appendix 2: Successful Methods and Practices for Customer Ownership Campaigns Prepared by Subcommittee," *NELA Proceedings, 1922*, 1:85.

⁸³⁰ Blair-Smith, "1929 Convertible Bond Offer of the American Telephone and Telegraph Co.," *Bell Telephone Quarterly*, October 1929, 320.



Reams of stock at the Southern California Edison Company in 1922.⁸³¹



Processing stock at the Bell Telephone Securities Company in 1930. A security guard stands watch in the back right corner while managers hover over each row of clerks.⁸³²

⁸³¹ Image Number "SCE 02 10450," Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California. The photo's description reads "making out stock certifications in the securities department."

⁸³² Blair-Smith, "The 1930 Stock Offer of the American Telephone and Telegraph Company," *Bell Telephone Quarterly*, October 1930, photo opposite page 253, Courtesy of AT&T Archives and History Center.

The Twenty Percent

The results of these personalized customer stock ownership campaigns in numerical terms proved dramatic. In 1920, before launching its customer ownership program, AT&T had 150,000 shareholders, yet by 1930 the company had over 550,000 shareholders, an increase of 350 percent for the decade. The electricity industry reported even larger gains. In 1919 the Commonwealth Edison Company had just 6,350 shareholders, but by 1927 the firm had 35,648 shareholders, an increase of 550 percent.⁸³³ In 1914, before starting customer ownership, PG&E had 2,898 shareholders, but by October of 1929, the company had 55,000 stockholders, an increase of almost 1900 percent.⁸³⁴

Counting only those stock sales specifically attributed to customer stock ownership campaigns, and not counting stock sales made to institutional investors or through traditional brokerages via the stock exchange, the total number of shareholders obtained through customer ownership plans in the gas, electricity, and telephone industries exceeded two million by the crash of 1929. If the number of stockholders in the United States by that date was 10 million people—a commonly cited number—then customer stock ownership programs sold stock to no less than twenty percent of the total number of stockholders in America by the late-1920s.⁸³⁵

⁸³³ “Customer Ownership Committee,” *NELA Proceedings, 1927*, 217; “Annual Meeting of the NELA Commonwealth Edison Company Section held in Customers Hall, Edison Building, Chicago, October 30, 1919,” Folder 20-6, Insull Papers.

⁸³⁴ *Walker’s Manual of California Securities and Directory of Directors*, 24th ed., 206; “Outstanding Features of ‘Pacific Service,’” *Pacific Service Magazine*, October 1929, after 328.

⁸³⁵ Twenty percent is a conservative estimate. The number was obtained using the following methodology: For the years from 1923 through 1929, NELA member companies gave the total number of new shareholders obtained through customer stock ownership programs and the percentage of these shareholders who were customers, employees, and others. The numbers of shareholders gained in these three categories were therefore easily calculable. For the years prior to 1923, an average percentage for each category was obtained from the years 1923-1929 and applied to the years 1914-1922. NELA data includes numbers for many, but not all, electricity and gas companies. At the end of 1929, AT&T counted approximately 289,000 of their 469,801 shareholders as coming directly from the company’s customer stock ownership plans. Adding this AT&T number to the total number of customer and employee shareholders gained specifically through customer ownership campaigns and taking a percentage of that number to 10,000,000 gives 20.1 percent. If one excludes all but customers, the percentage of utility shareholders out of the total number of American shareholders still comes to 18.39 percent by the crash of 1929. Many streetcar companies are not included in these numbers. Ref. the Customer Stock Ownership Committee reports in the following places: *NELA Proceedings, 1922*, 1:70; *NELA Proceedings (1924)*, 199; *NELA Proceedings, 1925*, 209; *NELA Proceedings, 1926*, 323; *NELA Proceedings, 1927*, 227; *NELA Proceedings, 1928*, 254; *NELA Proceedings, 1929*, 1509; *NELA Proceedings, 1930*, 1253; and Edwin H. Robnett, Chairman, Public Service Corp., Newark, N.J., “Report of Committee on Customer Ownership,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 119; *Annual Report of the Bell Telephone Securities Company, 1929*; *AT&T Annual Report for the Year 1929*, 11; Walter A. Friedman estimates 10 million shareholders in the United States by 1930 in *Fortune Tellers: The Story of America’s First Economic Forecasters* (Princeton, N.J.: Princeton University Press, 2014), 8, and N. R. Danielian in *AT&T: The Story of Industrial Conquest* also estimates 10 million shareholders by 1930 based on reasonable assumptions and published data (New York: Vanguard Press, 1939), 185. Edwin J. Perkins estimated 5 million in *Wall Street to Main Street: Charles Merrill and Middle-Class Investors* (Cambridge University Press, 1999), 86, Ott estimated 8 million in *When Wall Street Met Main Street*, 2, 170, 56-57, while Gardiner C. Means estimated 18 million stockholders in 1928 in “The Diffusion of Stock Ownership in the United States,” *The Quarterly Journal of Economics*, 44, no. 4 (August 1930), 565..

Who were the twenty percent? A large portion of them were probably first-time shareholders since utilities used their employees to reach people of modest incomes. The Bell Telephone Securities Company *Annual Report* for 1923 stated that their shareholders were often people of “small means, many of whom apparently are relatively unacquainted with investments.”⁸³⁶ Since the beginning of customer ownership, electric utilities and AT&T also reported that over half of their shareholders were women.⁸³⁷ Although some men were known to purchase stock in their wives’ name, many women purchased stock in their own name. It may be that women more readily subscribed to the moral arguments made by utilities that tied shareholding to thrift. It may also be that female stockowners maintained the power of the purse in their households. But perhaps the most likely explanation is that women bought stock for the same reason as men, to get ahead financially.⁸³⁸

Customer-owners also came from a wide range of occupational backgrounds. Companies often listed the occupations of their shareholders, which included auto repair men, bakers, bankers, barbers, beauticians, bell hops, boiler makers, boot blacks, brick layers, butchers, capitalists, carpenters, chauffeurs, clerks, coal dealers, cobblers, contractors, cooks, coroners, dispatchers, druggists, farmers, fishermen, fruit packers, housewives, janitors, laborers, movers, nurses, pawn brokers, porters, preachers, priests, sailors, salesladies, soda dispensers, teachers, telephone operators, stenographers, taxi drivers, waiters, and waitresses. By far, the largest categories of shareholders were housewives and clerks.⁸³⁹

Utilities also boasted that their shareholders came from a wide variety of ethnic backgrounds. One electric company executive, whose company promoted customer ownership in a coal mining region in Pennsylvania, stated that his company’s shareholder list looked “like the immigration roster at Ellis Island.” There were “all the Z’s and Y’s

⁸³⁶ *Annual Report of the Bell Telephone Securities Company, 1923, 5.*

⁸³⁷ H. Blair-Smith, “The 1926 Stock Issue of the American Telephone and Telegraph Company,” *Bell Telephone Quarterly*, October 1926, 261; AT&T, *Comments Submitted to FCC*, 9; “Annual Meeting of the NELA Commonwealth Edison Company Section Held in Customers Hall, Edison Building, Chicago, October 30, 1919,” Folder 20-6, Insull Papers.

⁸³⁸ American Telephone and Telegraph Company, *Comments Submitted to FCC*, 6. During the Depression, AT&T executives used both the gender and economic status of their shareholders to defend themselves from additional government regulation.

⁸³⁹ Blair-Smith, “The 1926 Stock Issue of the American Telephone and Telegraph Company,” *Bell Telephone Quarterly*, October 1926, 261; AT&T, *Comments Submitted to FCC, Exhibit 230*, 9; “Annual Meeting of the NELA Commonwealth Edison Company Section Held in Customers Hall, Edison Building, Chicago, October 30, 1919,” Folder 20-6, Insull Papers; “Report of Customer Ownership Committee,” *NELA Proceedings, 1922*, 1:67; “A Welcome to a New Stockholder,” *Pacific Telephone Magazine*, October 1925, 23-23, AT&T Archives-TX; Ripley, *Main Street and Wall Street*, 345; A. Emory Wishon, “Now and Tomorrow with Customer Ownership,” in *Proceedings of the Academy of Political Science*, 413; “Blazing the Trail for Popular Partnership in ‘Pacific Service,’” *Pacific Service Magazine*, October 1929, 323; J.C. Rourke, Jr., “How’s This For a Sales Record? John H. Schrodt of Thibodaux Has Made 208 Sales of 704 Shares,” *Southern Telephone News*, February 1927, 19, AT&T Archives-TX. AT&T defined all married women, designated as “Mrs.” on their stock forms, as a housewife, though this was certainly not the case; ref.: *General Information of Interest to Employees Relative to the Employees’ Stock Plan of the American Telephone and Telegraph Company* (New York: AT&T, July 1, 1922), 2, Box 4; Record Group 6, Collection No. 6, AT&T Archives-TX; AT&T, *Comments Submitted to FCC, Exhibit 230*, 6-9; “Customer Ownership Committee,” *NELA Proceedings, 1925*, 192-194.

and W's imaginable, Czechoslovaks, Yugoslavaks, Poles, Creeks, Italians, Finns, and Huns, and in fact practically every known nationality."⁸⁴⁰

Utility shareholders also came from many different age groups. Utility executives were particularly surprised that many young people bought stock.⁸⁴¹ One employee magazine even reported that a fifteen year old, a one Thomas L. Taylor of Portland, Oregon, plunked down \$500 at a local telephone office to buy four shares of AT&T stock in cash and another share on the installment plan. Taylor had saved his money by selling newspapers and working at his high school's print shop.⁸⁴² Genealogical evidence shows that Taylor did, in fact, exist.⁸⁴³

Many of customer owners bought just one or two shares. Yet by bypassing the stock exchanges and acting as their own brokers, utilities could offer these shares to customers without the high transaction fees at that made small purchases uneconomical. And in terms of creating political allies, the vote of a small shareholder was just as good as that of a large one.⁸⁴⁴

Cultivating the Political Sentiments of Shareholders

Once companies obtained customer-shareholders, they carefully endeavored to mold the political sentiments of their new investors. Utilities mailed shareholders the latest issue of the company's magazine and stuffed dividend envelopes with political tracts about upcoming ballot measures.⁸⁴⁵ In Michigan, a power company sent out 20,000 road maps to shareholders that also identified the location of the company's power lines and dams "so that as the owner passed a line in his travels he knew it belonged to 'his company.'"⁸⁴⁶ The Bylesby Corporation, one of the largest utilities in the country, sent its shareholders a calendar featuring a specially commissioned painting depicting "Dividend Day," with this new four-times-a-year holiday highlighted for each quarter.⁸⁴⁷ Another company changed its dividend payment schedule from quarterly to monthly so it could have "12 favorable impressions in a year, instead of four."⁸⁴⁸ This repeated favorable contact between utilities and shareholders was one reason why executives preferred stocks to bonds. Bonds created partners only until the bonds matured, but stocks kept paying dividends year after year.⁸⁴⁹

The annual reports of utilities, which were mailed to every shareholder, also became an outlet for public relations during the 1920s. AT&T's annual reports during the early 1910s were often long-winded and defensive in tone. In 1910, for example, AT&T's president, Theodore Vail, allowed himself sixty pages to relate to shareholders

⁸⁴⁰ Ripley, *Main Street and Wall Street*, 345.

⁸⁴¹ "Report of Customer Ownership Committee," *NELA Proceedings*, 1922, 1:67.

⁸⁴² "A Welcome to a New Stockholder," *Pacific Telephone Magazine*, October 1925, 23-23, AT&T Archives-TX. This article also contains a picture of Taylor handing over the cash.

⁸⁴³ <http://www.faqs.org/people-search/thomas-l-taylor/>

⁸⁴⁴ "Customer Ownership Committee," *NELA Proceedings*, 1927, 227; *Annual Report of the Bell Telephone Securities Company Incorporated For the Year Ending December 31, 1928* (New York: 1929), 5.

⁸⁴⁵ *FTC Letter No. 22* (1930), 1200-1201; FCC, *Telephone Investigation*, 4:23a-23b.

⁸⁴⁶ "Round Table On Customer Ownership Problems," *NELA Proceedings* (1924), 221-22.

⁸⁴⁷ *NELA Bulletin* 9, no. 1 (January 1922), 61.

⁸⁴⁸ "Round Table On Customer Ownership Problems," *NELA Proceedings* (1924), 220.

⁸⁴⁹ *Employees' Stock Plan: A Plan for Subscriptions For Stock of the American Telephone and Telegraph Company* (New York: AT&T, May 1, 1921), 1, Box 3, Record Group 6, Collection 6, AT&T Archives-TX.

the evils of competition and government ownership in the telephone industry.⁸⁵⁰ In the 1920s, however, the company's reports were much shorter, presented almost nothing but good news, and depicted the growth of the company using easy to read graphs. PG&E and the Southern California Edison Company's annual reports also became less negative and more graphical.

Did Customer Stock Ownership Work?

Did customer stock ownership work in its stated goals of thwarting public ownership, obtaining public good will, and securing rate increases? Executives, regulators, and outside observers—even critical ones—agreed that it did. Herbert Pell, Jr., a former congressman from New York, considered utility executives to be “utterly irresponsible” but acknowledged in 1925 that, “so long as dividends are paid no complaints will come.” Henry L. Stimson, the once and future secretary of war, stated at an academic conference on customer ownership in 1925 that “some critics tend to belittle the new [customer ownership] movement...I think that they underestimate the immense change which is being effected in public opinion and the power of that public opinion... Upon that public opinion the new proprietorship is producing a most potent change.”⁸⁵¹

Many others observers confirmed Stimson's view of the momentous effect of customer ownership. Samuel Insull told an audience in 1921 that “we have deliberately started to influence public opinion in that way and are succeeding very well.”⁸⁵² In March of 1927, the *American Gas Association Monthly* reported that “customer ownership has done more to strengthen the position of the gas industry in the modern system of economic and political life than any other activity the industry has carried on during the past few years.” The article then quoted an executive at the large United Gas Improvement Company of Philadelphia who declared that “customer ownership must not be relegated to a minor role...it is an asset of inestimable value.”⁸⁵³ A 1929 NELA report on customer ownership found that “the effect upon public relations has been profound and far reaching—in fact, it has entirely changed the character of electric light and power companies in the public mind.”⁸⁵⁴ The vice-president of the San Joaquin Light and Power Corporation observed in 1925 that when a customer buys stock, “almost invariably, and usually unconsciously, he takes a new interest in the utility and its affairs. His dividend checks come as symbols of his ownership...he learns something of the doctrine of self-interest... ‘you scratch my back and I'll scratch yours.’”⁸⁵⁵

⁸⁵⁰ *Annual Report of the Directors of American Telephone & Telegraph Company to the Stockholder for the Year Ending December 31, 1910* (Boston: Geo. Ellis Co., 1911), 17.

⁸⁵¹ Henry L. Stimson, “The Effects of Popular Ownership on Public Opinion,” in “Popular Ownership of Property: Its Newer Forms and Social Consequences,” ed. William L. Ransom and Parker Thomas Moon, special issue, *Proceedings of the Academy of Political Science in the City of New York* 11, no. 3 (April, 1925): 490.

⁸⁵² Samuel Insull, “Production and Distribution of Electric Energy in the central Portion of the Mississippi Valley,” Cyrus Fogg Brackett Lecture, Delivered at Princeton University, December 1, 1921, 42-44, Folder 20-8, Insull Papers.

⁸⁵³ “Customer Ownership—A Valuable Asset,” *American Gas Association Monthly*, March 1927, 132.

⁸⁵⁴ Quoted in “Blazing the Trail for Popular Partnership in ‘Pacific Service,’” *Pacific Service Magazine*, October, 1929, 323.

⁸⁵⁵ Wishon, “Now and Tomorrow with Customer Ownership,” in “Popular Ownership of Property,” *Proceedings of the Academy of Political Science*, 412-13.

Only in the streetcar industry did customer stock ownership see less success. An American Electric Railway Association report on customer ownership noted in 1925 that “no publicity campaign could possibly do your more good than the hundreds and sometimes thousands of dividend checks that are mailed periodically to local stockholders.” Yet, streetcar companies appear to have had trouble convincing customers that the industry would survive the challenge of jitneys and automobiles. Furthermore, streetcar companies served fewer people. For these reasons, streetcar utilities had difficulty selling stock to customers and the strategy was not as widespread in the streetcar industry as it was in other monopoly utility industries.⁸⁵⁶

In the gas, electricity, and telephone industries, however, observers believed that local agitation for public ownership and resistance to rate increases diminished as a result of customer ownership. A staffer for the California Railroad Commission observed in 1926 that “the sale of stock to customers has had a most beneficial effect...As a result of the practice the tears of despair that formerly were shed at rate cases was changed into the radiant smile.” In 1929 an executive at Byllesby & Co., one of the largest utility companies in the nation, told the *Wall Street Journal* that, thanks to customer ownership, the company had enjoyed “a remarkable history of rate increases, the majority of which were obtained without controversy by simply showing facts. We hear little or nothing of municipal ownership any more, at properties where we have home-shareholders.”⁸⁵⁷ A stronger endorsement could hardly be made.

Customer ownership even helped convert some former socialists to capitalism, including John Spargo, a founding member of the Socialist Party of America and a biographer of Karl Marx. In 1924, Spargo penned a “Confession” in *Outlook* magazine, in which he declared that “governmental ownership and operation of railroads, telegraphs, telephones, and similar public utilities now appears to me to be inherently inferior to the new type of enterprise we are so rapidly developing, characterized by popular ownership.” To call these companies “monopolies” with a “sinister meaning,” Spargo wrote, was “to misuse language.”⁸⁵⁸ Spargo’s antimonopoly sentiment had disappeared due to customer stock ownership. Newspapers also reported that some current socialists appeared on the shareholders rolls of corporate utilities.⁸⁵⁹

Other socialists had no such change of heart, however. The socialists Public Ownership League of America passed a resolution in 1923 calling for state laws against utilities selling stock to customers. Samuel Insull commented regarding this that he did “not know of any more significant recognition of the importance of our action in changing public opinion.”⁸⁶⁰ Another utility executive rejoiced that customer ownership had created an “impregnable the wall around private business.” He believed that socialist

⁸⁵⁶ “Report of the Customer Ownership Committee,” *AERA Proceedings*, 1925, 198-99.

⁸⁵⁷ “Capital Grows Through ‘Customer-Ownership Plan,’” *Wall Street Journal*, October 6, 1921.

⁸⁵⁸ John Spargo, “Letter of Confession and Challenge,” *Outlook*, October 29, 1924, 328; Taylor, “The Spirit Which Permeates the Service of Our Utilities,” *NELA Proceedings*, 1925, 1722; Sloan, *Our Selves and the Public* (1925), 9-10, Box 449, Folder 6, SCE Records.

⁸⁵⁹ “Meeting of Engineering Department,” [1923], 4, Box 114, Folder 11, SCE Records.

⁸⁶⁰ Samuel Insull, “Modern Financial Problems of Utilities,” Speech at luncheon of the Bond Men’s Club of Chicago at Hotel La Salle, November 15, 1923, in *Public Utilities in Modern Life*, 390.

hated customer ownership because it weakened their position and popularity.⁸⁶¹ When John Sheridan, a utility publicity agent in Missouri, was asked by a Federal Trade Commissioner if he would “attribute to customer ownership the destruction of radical thought among the people,” Sheridan answered, “Yes, sir; I think so.”⁸⁶²

Customer-owners also played a role in defeating specific public-ownership referendums. In Radford, Virginia, shareholders of a corporate utility, among others, campaigned against a bond measure to build a municipally owned hydro-electric plant and the bill was defeated.⁸⁶³ In California, electricity executives believed that customer owners directly contributed to the defeat of the California Water and Power Act, a measure that advocated municipal ownership of utilities and appeared on California referendum ballots in 1922, 1924, and 1926. Customer-owners could only have played a minor role, however, since the number of utility shareholders to total votes cast was about twelve percent in 1922, while the referendum was rejected by seventy percent of voters.⁸⁶⁴

Yet many utility executives believed that customer owners were more influential than their numbers suggested and that customer ownership changed the opinions of even those Americans who did not own utilities stock.⁸⁶⁵ Managers argued that, due to customer stock ownership, corporate utilities could no longer be viewed as representing large concentrations of individual wealth. Instead utilities could now only be seen as owned by millions of small investors.⁸⁶⁶

Because of the voting implications of customer ownership, managers kept careful track of how many customer-owners lived within their service territories.⁸⁶⁷ A reliable study by NELA in 1928 found that 11.8 percent of electricity customers were shareholders, or about 2 percent of the total population within the territories served.⁸⁶⁸ Some executives even kept track of exactly where each of their shareholders lived. Insull’s Commonwealth Edison Company maintained a giant map of the city of Chicago with the residence of each shareholder literally pinpointed on the map.

⁸⁶¹ Wishon, “Now and Tomorrow with Customer Ownership,” in *Proceedings of the Academy of Political Science*, 408. Socialism declined in the 1910s and ‘20s because it split from within, was suppressed from the above, and was supplanted from the bottom by customer ownership.

⁸⁶² Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 57-58.

⁸⁶³ Examination of Herbert Markle, Division Manager, Appalachian Electric Power Co., in *FTC Letter No. 22* (1930), 403-04.

⁸⁶⁴ Wishon, “Now and Tomorrow with Customer Ownership,” in *Proceedings of the Academy of Political Science*, 414. The act was defeated by over seventy percent of voters, indicating that customer ownership was not the only factor in the measure’s defeat. Voting numbers come from Jordan, *Statement of Vote at General Election Held on November 7, 1922 in the State of California* and *Customer Ownership Committee and NELA Proceedings, 1927, 222*.

⁸⁶⁵ “Report of Customer Ownership Committee,” *NELA Proceedings, 1922*, 1:66; FCC, *Telephone Investigation*, 4:23a-23b.

⁸⁶⁶ Ott, *When Wall Street Met Main Street*, 164; Marchand, *Creating the Corporate Soul*, 74; Wishon, “Now and Tomorrow with Customer Ownership,” 408, 410; AT&T, *Comments Submitted to FCC, Exhibit 230*, 4-6.

⁸⁶⁷ Nye, *Electrifying America*, 261.

⁸⁶⁸ “Customer Ownership Committee,” *NELA Proceedings, 1928*, 225.



“Map Showing Stockholders, Commonwealth Edison Company,” states the text at the top of the map. The text at the bottom left reads, “Every Dot a Stockholder.” This map of Chicago is orientated with the north at the right and Lake Michigan at the bottom.⁸⁶⁹

Utility executives and the press also reported anecdotal evidence that customer ownership had created corporate allies at the grass-roots level of America. Insull told a gathering of managers about how one customer-owner tipped off utility employees about his neighbor’s current theft when the employees came to drop off the customer’s stock certificate.⁸⁷⁰ Insull also told of a state legislator in Minneapolis who told his neighbor about his plans to introduce a bill that would hurt the local utility. “Well Jim,” the neighbor told him, “you had better be careful. Everybody around here except you is an owner in that utility property.”⁸⁷¹ The *Wall Street Journal* reported that an electric company received a call from a stockholder when the company’s construction workers accidentally left a large spool of wire near her house.⁸⁷² “If it belongs to the Edison Company, I am a stockholder and I want it looked after,” the woman told the company. A telephone employee magazine reported that a shareholder ran after a man who had

⁸⁶⁹ “Sales Manual for Public Utility Employees: Subcommittee for Use in Customer Ownership Campaigns,” *NELA Proceedings, 1922*, 1:72-74.

⁸⁷⁰ Insull, “Public Relations,” speech before the American Electric Railway Association, Claypool Hotel, Indianapolis, Indiana, February 28, 1922, 9, Folder 21-1, Insull Papers.

⁸⁷¹ Samuel Insull, “Modern Financial Problems of Utilities,” Speech at luncheon of the Bond Men’s Club of Chicago at Hotel La Salle, November 15, 1923, in *Public Utilities in Modern Life: Selected Speeches, 1914-1923* (Chicago: Privately printed, 1924), 391. The story is almost identical to the one that mentions Minneapolis found in Samuel Insull, “Public Relations,” speech before the American Electric Railway Association, Claypool Hotel, Indianapolis, IN, February 28, 1922, 9, Folder 21-1, Insull Papers.

⁸⁷² “Capital Grows Through ‘Customer-Ownership Plan,’” *Wall Street Journal*, October 6, 1921.

forgotten to pay for his call at a telephone booth and reminded him that he still owed money.⁸⁷³ Stories like these circulated throughout the business community during the 1920s and indicated to executives that what Samuel Kennedy said about customer stock ownership was true: “If you sell a share of stock to an individual, he becomes your partner, and it’s partners you want. That man is not only putting his money in, but he is working with you.”⁸⁷⁴ When customers became shareholders, they also became the dispersed eyes and ears of the company.

Upping the Ante

Despite all the statements from observers about how customer ownership had worked wonders with public opinion, it was not the case that the more stock utilities sold, the safer they became politically. This was because utility executives gambled with every bit of public good will they received from customer ownership. As soon as consumers signaled their acceptance of one type of corporate behavior, executives raised the stakes by pushing the boundaries one step further. By continually testing the limits of public acceptance, utilities never fully insulated their industries against political risk.

This was especially true for the electricity industry. The industry took two great risks in the 1920s: creating financially dubious holding companies and expanding their monopolies to the point of creating “superpower” networks, or giant interconnected grids that covered multiple states and controlled by a single top-level company. The two developments were interrelated. Holding companies sold stock in order to generate the large amount of capital necessary to purchase operating companies. Holding companies then stitched these operating companies together to form superpower monopolies. In many cases, a holding company had to purchase another holding company in order to gain access to the operating company which the holding company possessed.

Corporate law and shareholder voting rules conspired to make these purchases profitable, as long as the overall economy remained strong. Because owning fifty-one percent of a company’s shares gave investors one hundred percent control over a company’s board, holding company syndicates could purchase an operating company, and siphon off all its profits, for just over fifty-percent of the company’s value, essentially half-off. If another holding company purchased the first holding company, the deal got even sweeter. For fifty-one percent of the first holding company, organizers of the second holding company could control the first company, and divert the profits of the base-level operating company into the new holding company for just a quarter of the operating company’s value. In this way holding companies magnified money and for this reason they became very popular among investors in the 1920s. As consolidation of the electricity industry accelerated during the 1920s, holding companies piled themselves one atop another, sometimes six and seven companies high.⁸⁷⁵

To afford to purchase operating companies, holding companies issued reams of stock to consumers, while keeping a controlling portion of the shares for themselves. Only when a lucrative deal came along, would organizers agree sell, with minority

⁸⁷³ “Customer Ownership Helps,” *Pacific Telephone Magazine*, November, 1925, 22, AT&T Archives-TX.

⁸⁷⁴ Kennedy, “Transforming Public Opinion,” SCE Records, 41, Box 289, Folder 26, SCE Records.

⁸⁷⁵ Ripley, *Main Street and Wall Street*, 293; Galbraith, *The Great Crash of 1929*, 52.

shareholders given no choice in the matter. This was no “investors’ democracy,” it was a financial food chain in which the most recent owners made a great deal of money.⁸⁷⁶

Proponents of holding companies defended these institutions by arguing that they provided centralized, and therefore cost-saving, legal and technical expertise to the operating companies they controlled. But as John Kenneth Galbraith later noted, the more consequential function of holding companies was to completely separate the volume of corporate shares in circulation from the volume of corporate assets in existence.⁸⁷⁷ But in the speculative fever of the late-1920s, holding companies could scarcely issue stock fast enough to satisfy consumer demand, even though the companies did not directly own any tangible assets or manufacture a product. The lack of blue sky laws, stories of rags-to-riches investors, and the New York Stock Exchange allowing shares of holding companies to be traded in 1929, further stoked the speculative fires. In 1921 almost no holding companies existed, but by 1927 there were 160 of them. The next year there were 300, and in the first half of 1929, a new holding company was established nearly every single day.

AT&T operated in a more conservative manner in the 1920s, partly owing to its conservative corporate structure. When AT&T’s predecessor company was founded in 1876, the company lacked the capital necessary to develop Alexander Graham Bell’s telephone patents so it licensed the patents to others with the money to develop local telephone networks.⁸⁷⁸ This was how the local “Baby Bells” were born, operating under patent-license from AT&T. As telephone usage grew and AT&T succeeded in attracting more investors, the parent company began to reel its children back in by selling shares of AT&T stock and using the money to buy shares of the regional operating companies. In 1905, AT&T lacked a controlling share in nine of its thirty regional operating companies, but by 1926 it lacked a controlling share in just two of the twenty reorganized companies.⁸⁷⁹

This financial integration of the Bell System facilitated its technological integration as AT&T began stringing long-distance lines between its various operating company hubs. Even before the Kingsbury Commitment in 1913 when AT&T pledged not to buy out non-competing rivals, AT&T president Theodore Vail realized that the one area in which independent telephone companies could not compete with AT&T was in providing long-distance service. Vail therefore pursued a policy of physically interconnecting Bell’s urban telephone networks and by the 1920s, he had created a truly nationwide network. Because AT&T directly owned and operated most of these long-distance lines, the company became, not just a holding company, but now also an operating company.

This dual function of AT&T, and its single-tier holding company structure, was much more conservative than much of what was going on in the electricity industry. Yet the firm’s integrated structure also produced risks. The company’s near-nationwide monopoly on long-distance service and the huge profits it began to realize from this service beginning in 1925 required that the company cultivate good will in proportion to profits. In the first half of the 1920s, the company had successfully resolved many of its

⁸⁷⁶ Ott, *When Wall Street Met Main Street*, 152.

⁸⁷⁷ Galbraith, *The Great Crash of 1929*, 52-55.

⁸⁷⁸ Green, *Race on the Line*, 12.

⁸⁷⁹ *AT&T Annual Report for the Year 1905*, 31-32; *AT&T Annual Report for the Year 1925*, 22.

rate cases, but in the second half, it continued to sell stock to customers in order to increase consumer good will.

The Crash and the Aftermath

It was only a matter of time before the precarious financial structure of the electricity industry fell apart. When the Depression set in, the reduced profits of electricity operating companies could no longer support the dividend demands of so many shareholders and system collapsed. That's when investors learned the truth about holding companies—they could magnify losses as well as profits. Like a farm riddled by drought, the reduced yield of operating companies could only feed so many, and those last in line were left holding a worthless meal ticket. The high stakes gambling of electricity holding company organizers had come to an end.

Only a few analysts predicted the crash of October 1929, but those who did were close observers of the electricity industry.⁸⁸⁰ One of those observers was B.C. Forbes, the magazine publisher, and electricity industry ally, but also one of the industry's most forceful critics. Forbes was unusual in that he was also the most frequent outside attendee and speaker at the electricity industry's annual National Electric Light Association conventions. At a speech at the association's annual meeting in 1926, Forbes delivered a warning to electricity executives in the strongest possible terms—by raising the specter of government ownership. To do this Forbes adopted the persona of a character he called “John Smith, citizen and voter,” who proceeded to tell executives what the “common people” were thinking about the electricity industry. John Smith, first summarized the history between himself and electricity companies. At first, Smith recalled, “I used to regard you as very secretive, callous to complaints. I suspected that you had lots of political pull. I even heard that you had a lot of pull with the courts in certain states. And your rates, I thought, were high; your service was nothing to brag about...So I had you regulated. You kicked...but later on we got along better...” Smith then went on to discuss more recent history: “You taught me to invest...Since then you fellows have been doing a lot of things that I don't understand very much about....What really is making my head swim is all your countless daily consolidations and mergers, accompanied by stock issues galore.” Smith then got to his main point of critique, “You are putting out stocks now that I don't know anything about. They are called holding company stocks....Are you doing this in my interest, or are you doing it in your own? That is what I, John Smith, want to know....I am beginning to feel that you are getting terribly strong.” Then Smith raised the specter of government ownership. “I regulated you once, and if you don't watch your step...It will not be regulation this time; I am going to sit back until all your mergers and all your consolidations have been completed, until you have everything nicely arranged, then...I am going to bring about something which it isn't polite to mention in these days, namely, government ownership...Think that over,” Forbes concluded.⁸⁸¹

⁸⁸⁰ Roger Babson, for example, predicted the economic downturn of late-1929 and in the early twentieth century had worked selling utility bonds until he came to believe that many of the firms were more interested in making money through financing than through providing service, Friedman, *Fortune Tellers*, 43-44, 80, 16.

⁸⁸¹ B. C. Forbes, “What the Customer Is Thinking,” *NELA Proceedings*, 1926, 56-57.

Forbes' speech did not go over well with the electricity executives in the audience. The president of NELA, who was hosting the general session, reminded "Mr. Smith" that most of the industries' stocks and rates were regulated and then quickly moved on to other business. Forbes' 1926 warning went unheeded.⁸⁸²

Another critic of the electricity industry who detected a problem in the economy of the 1920s was the Harvard economist, William Z. Ripley. Ripley's 1927 book *Wall Street to Main Street* exposed the problems of holding companies, corporate voting rights, and the exploitable patchwork of state business laws, with most of his examples coming from the electricity industry. But the main problem in the economy, Ripley argued, was that stock ownership had separated private property from decision-making and thus decision-making from moral responsibility. Investors who handed control of their property to managers had dissolved the traditional relationship between private property and personal responsibility. A man would never let his ox gore a neighbor, but he would let his company gouge a customer. Executives who participated in this were also at fault since they sold the property to consumers but kept control of the stock. Corporate officers therefore made decisions, but not about their own money, so they too lacked any sense of stewardship. In short, customer stock ownership had separated morality from the market. But in the booming days of the late-1920s, Ripley and Forbes were prophets crying in the wilderness, drowned out by the roar of the stock market.⁸⁸³

When the crash came, all the rhetoric about safe and secure utility stock was put to the test. Shareholders in AT&T continued to receive their \$9 dividends throughout the Depression, even though the company had to dip into its savings for the first time to pay them.⁸⁸⁴ The company's decision to pay dividends while simultaneously laying off workers met with strong criticism from some quarters, but AT&T managers argued that its dividend payments represented the only source of income for many shareholders and the company therefore had a "moral obligation" to pay dividends.⁸⁸⁵ Customer-owners of PG&E, the Southern California Edison Company, and many other electric utilities, also continued to receive their dividends.⁸⁸⁶

Things ended differently for the shareholders in most of Samuel Insull's companies. For Insull, the temptation to create holding companies proved too great and in 1928 and he formed the Insull Utility Investments, Inc. and the Corporation Securities Company the following year. Shares of these holding companies were sold directly to customers at Insull's operating offices.⁸⁸⁷ In 1930, with the stock market crumbling, one large shareholder offered Insull a large block of shares in the operating companies that Insull already partly-owned. Not wanting the shares to fall into another investor's hands,

⁸⁸² B. C. Forbes, "What the Customer Is Thinking," *NELA Proceedings, 1926*, 56-57.

⁸⁸³ Ripley, *Main Street and Wall Street*, 1927; Ott views Ripley as being a "loyal critic" of customer stock ownership but this is implausible, *When Wall Street Met Main Street*, 131-132, 152. Ripley fiercely criticized the prevailing corporate financial practices in a way that could only make investors bearish.

⁸⁸⁴ AT&T, *Comments Submitted to FCC, Exhibit 2114*, 4, 9.

⁸⁸⁵ AT&T, *Comments Submitted to FCC*, 4, 9.

⁸⁸⁶ "Dividend and Stock Split History," accessed June 20, 2014, http://www.pgecorp.com/investors/shareholders/dividend_history.shtml; Southern California Edison Company, *Annual Report to the Stockholders of Southern California Edison Company Ltd. For the Year 1949*, 7, Box 11, Folder 4, SCE Records.

⁸⁸⁷ T.E. Butler, 222 N. Genesee St, Waukegan, IL, to Samuel Insull, Jr., August 18, 1930, Box 15, Folder 1, Insull Papers.

Insull bought them with the cash reserves from one of his holding companies. Insull planned to pay back the money he owed to his holding company and continue paying dividends to its shareholders using the profits from Insull's operating companies, which he now controlled more firmly than ever. But as the Depression deepened, Insull could not make dividend or principal payments and his holding companies collapsed, as did several of his operating companies.⁸⁸⁸

Many of Insull's shareholders lost everything. One woman wrote to Insull in 1936 telling him that she had invested "all my life savings" in an Insull holding company in 1926 and 1928 and that now she was "just about penniless."⁸⁸⁹ Another formerly wealthy investor told Insull that her 100-share investment in one of Insull's holding companies had "made a beggar out of me" and that "being a widow find it necessary to do housework for a living."⁸⁹⁰ One customer-owner accused Insull Jr. of engaging in "unfair tactics" and having "peculiar" ethics after the customer was repeatedly assured by a stock representative at an Insull utility office in 1930 that Insull's holding company stock would end up fine, which turned out not to be the case.⁸⁹¹ The replies from Insull and his son were always the same: the companies were bankrupt, "there is nothing left for its stockholders."⁸⁹² Insull died in disgrace during the Depression.⁸⁹³

When Insull's companies collapsed, he fled to Paris and then Greece, since it did not have an extradition agreement with the United States. But Greece expelled him and Insull was arrested in Turkey and returned to the United States to stand trial.⁸⁹⁴ He was tried and acquitted three times on various financial charges and lived the rest of his life in Paris where he died in 1938.⁸⁹⁵

Conclusion

There was a painting of Insull that used to hang in his office; a space which doubled as the Commonwealth Edison Company's board room. After the crash and Insull's humiliation, the painting was taken down and given to his family. In an unguarded moment while writing his memoirs, Insull mused on the incident: "How the mighty hath fallen," he wrote, then struck the line from the final draft.⁸⁹⁶

⁸⁸⁸ Stock in Insull's Insull Utilities Investments, Middle West Utilities Company, Corporation Securities Company of Chicago, and Peoples Gas Light & Coke Company all became worthless. "Cyrus Eaton and Insull Group Stock, Draft of Passage," Folder 18-13, 1-5, Insull Papers; Page "38A-1," 7/23/34, Box 18, Folder 11, Insull Papers; Annie Brady, 7236 Champlain Ave., Chicago, IL, to Samuel Insull, 9 May 1936, Box 15, Folder 1, Insull Papers; Bernard A. Klusen 5708 S. Sangamon St, Chicago, IL, to Samuel Insull, 19 June 1939, Box 15, Folder 2, Insull Papers; McDonald, *Insull*, 301; Wasik, *The Merchant of Power*, 189-190, 199-201, 208.

⁸⁸⁹ Annie Brady, 7236 Champlain Ave., Chicago, IL, to Samuel Insull, 9 May 1936, Box 15, Folder 1, Insull Papers.

⁸⁹⁰ Mary V. Cullen, 4256 North Lamon Ave., Chicago, IL, to Samuel Insull, December 20, 1932, Box 15, Folder 1, Insull Papers.

⁸⁹¹ Butler to Insull, Jr., August 18, 1930 and December 19, 1930, Box 15, Folder 1, Insull Papers.

⁸⁹² Insull to Violet Coad, February 26, 1932, Box 15, Folder 1; Insull Jr. to Klusen, 23 June 1939, Box 15, Folder 2, Insull Papers.

⁸⁹³ Page "38A-1," 7/23/34, Box 18, Folder 11, Insull Papers; Wasik, *The Merchant of Power*, 242.

⁸⁹⁴ Page "22A-1," 7/11/34, Box 18, Folder 11, Insull Papers.

⁸⁹⁵ John F. Wasik, *The Merchant of Power: Samuel Insull, Thomas Edison, and the Creation of the Modern Metropolis* (New York: Palgrave Macmillan, 2006), 242.

⁸⁹⁶ Page "69A-1," Folder 18-11, Insull Papers.

As for A. J. Hockenbeamer, the inventor of customer stock ownership back in 1914, he was promoted to president of the Pacific Gas & Electric Company in 1927 and continued in that position until he died in 1935 “of a weakened heart and a condition of general exhaustion” according to the company.⁸⁹⁷

The history of customer stock ownership helps answer some important questions about American political economy. How did corporate monopoly utilities, which sat so uncomfortably on the line between government ownership and private enterprise during the Progressive period, carve out a more comfortable seat for themselves in the American political economy by the late-1920s? How did Americans in the 1920s relinquish their traditional antimonopoly sentiment and come to accept the peculiar institution of monopoly capitalism? How did corporate utilities in the United States, unlike in most of Europe, manage to survive the first three decades of the twentieth century? One answer to these questions is that utility executives offered stock to customers and customers literally bought into it.

⁸⁹⁷ “Death Closes Remarkable Career,” *PG&E Progress*, December 1935, 5.

Chapter Five: Making the News

Introduction

On December 12, 1922, residents of Poplar Bluff, Missouri, opened their afternoon newspapers to find an article extolling the virtues of corporate monopoly utilities. Two days later, John Sheridan, the secretary of the Missouri Committee on Public Utility Information, informed his boss that the entire article had been copied from the *News Bulletin*, a publication that Sheridan edited and largely authored himself. Furthermore, this was not the first time the paper's editor, Dwight Brown, had copied an article from the *News Bulletin* and printed it as an editorial. And, Brown was president of the Missouri State Press Association. Such plagiarism should be rewarded, Sheridan told his boss, H. W. Beck, "if there is anything you can do for Mr. Brown, I am sure you will do it."⁸⁹⁸

It would have been impossible for Beck to have missed the hint. Less than a year earlier, Sheridan had come to an explicit agreement with the editors in the Missouri Press Association. The utilities would dramatically increase their advertising in newspapers by one million dollars over the next year and, in return, the editors would use their news and editorial columns to support the corporate utilities during municipal ownership fights and rate cases. As a condition for accepting the deal, small-town editors insisted that the advertising be purchased directly by each town's local utility manager, rather than from a large central organization such as Sheridan's Missouri Committee on Public Utility Information. This way, even the smallest of small-town editors could maintain their editorial independence until they were satisfied that their local utility manager had given them a fair share of the expanding advertising pie.⁸⁹⁹

After brokering this latter-day Missouri Compromise, Sheridan reported the deal to utility executives throughout the state. "I found the editors to be very fine men and really anxious to do the right thing, but they naturally are looking for all the business they can get," Sheridan announced. "The time is ripe for forming an enduring and profitable relation with the press in Missouri." True to the terms of the agreement, Sheridan reminded the executives not to forget the small-town editors. "If we can develop a little advertising for the small country newspapers," Sheridan urged, "there is no doubt that the utilities will have the country press working hand in hand with them."⁹⁰⁰

Foreseeing a partnership of lasting importance, Sheridan pretended to have come up with the ads-for-articles idea himself. In a letter to his boss in 1922, Sheridan boasted: "It struck me that if we got the companies working on appliance advertising, that the newspapers will be friendly, and print a good deal of educational matter free of charge." "Educational matter," as his boss would have understood, meant articles and editorials

⁸⁹⁸ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 5, Filed with the Secretary of the Senate, July 16, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 5* (1928)), 133-34.

⁸⁹⁹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 82-83, xiv.

⁹⁰⁰ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 82.

informing readers of the benefits of corporate monopolies. “I have not the least doubt of its good effect,” Sheridan mused in satisfaction over his arrangement with the Missouri Press Association, “you have always got to grease the rails in these publicity campaigns, and appliance advertising struck me as a very good thing for companies and for the newspapers.”⁹⁰¹

Sheridan’s cultivation of the press proved extremely productive. For the year ending May 1, 1927—the first year Sheridan kept track—he found 77,903 column-inches of articles and editorials, equivalent to thirty-eight full newspaper pages, which been copied from his *News Bulletin* and printed in Missouri newspapers. The next year, that number increased to fifty-six full pages.⁹⁰² Readers might have interpreted these articles differently had they known who wrote them, but nearly all of the articles appeared without any attribution as to their original source, and in many cases, the articles appeared below the name of the paper’s editor.⁹⁰³

In bribing editors with ads, Sheridan was not alone. By 1925, there were twenty-seven other utility publicity directors, heading information bureaus covering thirty-eight states, all of whom practiced the same strategy. Publicity directors called the practice “space grabbing” and it was especially prevalent in small towns and cities where most of the municipal ownership battles of the 1920s took place.⁹⁰⁴ By disguising their messages in the form of articles, utility publicists ironically sought to convince customers that utility monopolies operated in the customers’ best interest.

Historians of advertising, such as Roland Marchand, have skillfully analyzed the content of utility ads, but the context of these ads, surrounded by news articles, has received less attention.⁹⁰⁵ Yet an intimate relationship existed between advertisements and articles in the case of utilities. Articles about corporate utilities often appeared in

⁹⁰¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 84.

⁹⁰² Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 43, 38.

⁹⁰³ “The Read Value of Public Utilities,” *Excelsior Springs Daily Standard*, June 15, 1923, 1, microfilm, State Historical Society of Missouri, Columbia; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 135-36, 121; David E. Nye, “Public Relations as Covert Political Communication: The Debate Over Public vs. Private the United States,” *American Studies in Scandinavia* 16 (1984): 28.

⁹⁰⁴ Between the advent of central station electricity service in 1882 and 1925, over 860 municipally-owned power plants closed, many in small towns, National Electric Light Association, *Political Ownership and the Electric Light and Power Industry (Published for the Information of Member Companies)* (1925), 91; Bernard Mullaney, “Space Grabbing in the Newspapers,” Address to the American Gas Association, 1927, *FTC Letter No. 2* (1928), xii, xxvii; Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 159; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 170.

⁹⁰⁵ Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: University of California Press, 1998). For other histories of advertising see Marchand, *Advertising the American Dream: Making Way for Modernity, 1920-1940* (Berkeley: University of California Press, 1985); Jackson Lears, *Fables of Abundance: A Cultural History of Advertising in America* (New York: BasicBooks, 1994); Stuart Ewen, *Captains of Consciousness: Advertising and the Social Roots of the Consumer Culture* (New York: Basic Books, 2001); Pamela Walker Laird, *Advertising Progress: American Business and the Rise of Consumer Marketing* (Baltimore: The Johns Hopkins University Press: 1998).

newspapers precisely because utilities purchased advertising. Ads and articles also frequently shared the same corporate creator. Articles were simply ads in different form; the two could not be divided into separate categories as traditionally defined by historians. The difference between ads and articles was not that the former was purchased content created by companies and the latter was authored by editors. Rather, the difference was that advertisements truthfully acknowledged their authorship, while articles did not. Utility publicists and newspaper editors both knew that utility ads and utility articles were two parts of the same strategy and their simultaneous appearance in newspapers was no accident.

Utility representatives also sought to control the public sphere in ways that went far beyond articles and advertising. Utility employees also lobbied high school principals about their schools' curriculum, pressured teachers about their textbook choices, asked publishers to re-write their economics, law, and civics textbooks, forced socialists off the Chautauqua speaking circuit, spoke on the Chautauqua circuit themselves, gave speeches at schools, civic clubs, and chambers of commerce, sponsored academic research favorable to utilities, and produced "educational" movies screened before millions of school children and movie-audiences across the country. Long before Paul Lazarsfeld and Robert Merton theorized that to produce effective propaganda one had to monopolize the message and supplement it with face-to-face contact, utility executives were doing just that.⁹⁰⁶

A few historians today, as well as some politically motivated observers in the 1930s, have observed some aspects of this story. Yet these authors have mainly relied on secondary sources, or focused on a single utility industry or publicity strategy. Yet even when doing so, these writers have still recognized that the public relations campaign of utilities in the 1920s represented nothing less than the largest non-governmental public relations campaign in American history, till that time.⁹⁰⁷ In fact, the campaign was even larger than these scholars realized. By limiting their focus to one industry or strategy, scholars have overlooked the organizational interconnections that joined all four utility industries together, including the streetcar, electricity, gas, and telephone companies. The public relations campaign of these four industries was not separate, as has been previously thought, but collectively planned, funded, and executed. All four industries shared the same goal of improving public opinion toward corporate monopolies, and all four labored together to advance their mutual interest.

This is not to argue that the public relations campaign of utilities represented a centralized conspiracy. Rather, the campaign was deliberately decentralized, which made

⁹⁰⁶ Paul F. Lazarsfeld and Robert F. Merton, "Mass Communication, Popular Taste and Organized Social Action," in *Media Studies Reader*, 2nd ed., Paul Marris and Sue Thornham eds. (New York: New York University Press, 2002), 27-29.

⁹⁰⁷ David E. Nye, "Public Relations as Covert Political Communication: The Debate Over Public vs. Private the United States," *American Studies in Scandinavia* 16 (1984): 21-35; David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 531-39; Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996); Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931); Jack Levin, *Power Ethics: An Analysis of the Activities of Public Utilities in the United States, Based on a Study of the U.S. Federal Trade Commission Records* (New York: Alfred A. Knopf, 1931); Carl D. Thompson, *Confessions of the Power Trust: A Summary of the Testimony Given in the Hearings of the Federal Trade Commission on Utility Corporations Pursuant to Resolution No. 83 of the United States Senate Approved February 15, 1928* (New York: D. P. Dutton & Co. 1932).

it both less obvious and more effective. The public relations campaign was organized at the state, county, and even sub-county level, ensuring that local knowledge of could be leveraged in ways that a centralized campaign could not have matched. To organize efforts, utility executives in different industries by the same state first cooperated to form state utility information committees, hire information committee directors, fund their activities, and oversee their work. The founding of state information committees occurred in coordination with national utility associations and top-level companies, but the state committees were not controlled by these organizations. Rather, the national industry associations and corporations, such as the American Electric Railway Association (AERA), the American Gas Association (AGA), the National Electric Light Association (NELA), and AT&T, mainly served as forums for exchanging ideas and transmitting print matter. Directors for the national groups produced some public relations material, but state information directors used them at their option. Yet the frequent industry meetings kept state committee directors in close contact and the mails circulated a common flow of news sheets, sample advertisements, books, and speeches among them. Though separated geographically, state committee directors were united in their materials, methods, and goals. Rather than a top-down campaign, utilities ran a decentralized and locally customizable campaign to improve public opinion toward monopoly capitalism.⁹⁰⁸

To do this, state information directors, corporate utility executives, and industry association executive secretaries attempted to control every conceivable outlet of information on utilities, including advertisements, magazine and newspaper articles, school textbooks, public lectures, movies, and radio. Wherever people obtained their information, utility representatives were there trying to manipulate it in a pervasive, detailed, and systematic campaign to mold public opinion regarding corporate monopolies.

Much of the evidence for this history comes from Federal Trade Commission (FTC) investigation into the gas and electricity industry and the Federal Communications Commission (FCC) investigation into the Bell System. The FTC investigation began in 1928, after Senator Thomas J. Walsh, a progressive Democrat from Montana, entered a Senate resolution to investigate the organizational, financial, and publicity activities of electricity and gas companies. Walsh had been an opponent of corporate monopolies before he entered the Senate in 1913, though he was not an opponent of big business in general, nor of utilities in particular. As a western politician, Walsh favored the leasing of federal lands to business interests, which other progressives such as Robert La Follette and Gifford Pinchot opposed. Yet, Walsh opposed corporate corruption and had formerly played an instrumental role in uncovering the Teapot Dome scandal in 1923.

⁹⁰⁸ Examination of George F. Oxley, Director of the Department of Public Information, National Electric Light Association, in *FTC Letter No. 3* (1928), 20-21; Examination of Willis J. Spaulding, Commissioner of Public Property, City of Springfield, Illinois, in *FTC Letter No. 2* (1928), 10; Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 130, 143; Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 386, 389; Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 86, 94, 103; Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931), 25.

In the late-1920s, Walsh became increasingly aware that something might be wrong in the electricity and gas industries. Walsh had been reading letters from Pinchot as well as the writings of Harvard economists William Z. Ripley indicating the existence of monopolies, propaganda, and corruption in the utilities sector. An additional reason to launch an investigation occurred in 1926 as progressive legislators renewed their push to pass the Swing-Johnson Bill to construct Boulder Dam. Throughout the decade, several congressmen had been battling the utilities over Boulder Dam, Muscle Shoals, and other public works projects, which centered around the question of who would control the means of electricity production. The Swing-Johnson Bill, in particular, been introduced in Congress several times since 1922, but had not yet been passed, partly due to the extensive and subtle publicity campaign waged by the power interests. As Walsh no doubt knew, exposing the utilities' underhanded publicity efforts would weaken their political position and help pass the bill. Above any other single issue, Boulder Dam motivated the publicity efforts of the utilities and the demands by Congress for an investigation.⁹⁰⁹

In February of 1927, as the Swing-Johnson bill neared another vote, Walsh entered a resolution for a Senate investigation. "Not that I don't believe the telephone and telegraph and radio industries should [also] be investigated," he explained regarding limiting investigation, "but I did not want to take in any broader field than the light and power companies." Walsh's opponents tried to stop the resolution in committee or divert the investigation to the FTC.⁹¹⁰ Both Walsh and his opponents believed that the FTC would prove more conservative than a Senate inquiry due to President Coolidge's appointment of William Humphrey, a former congressman and lumber executive, as chairman of the FTC in 1925. Yet one year later, after intense debate, a coalition of Democrats and Progressive Republicans voted 46-31 for an FTC, rather than Senate, investigation.⁹¹¹

Unfortunately for the utilities, yet fortunately for historians, the FTC pursued its work with an ardor seldom equaled in the history of American bureaucracy. Immediately after the Walsh Resolution passed, FTC commissioners dispatched dozens of investigators, who rushed—subpoenas in hand—to the offices of state publicity

⁹⁰⁹ Examination of Willis J. Spaulding, Commissioner of Public Property, City of Springfield, Illinois, in *FTC Letter No. 2* (1928), 10; Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 87.

⁹¹⁰ J. Leonard Bates, *Senator Thomas J. Walsh of Montana: Law and Public Affairs, from TR to FDR* (Urbana: University of Illinois Press, 1999), 199, 205, 207, 210, 257-59; "Limits Utilities Hearing," *New York Times*, January 17, 1928, 31; Josephine O'Keane, *Thomas J. Walsh, a Senator from Montana* (Francestown, New Hampshire: M. Jones Co., 1955), 197-199. "Senate Votes, 46-31, for Power Inquiry by the Trade Board," *New York Times*, February 16, 1928, 1, 10.

⁹¹¹ Many historians have also maintained that Humphrey significantly weakened the FTC. Yet commission's investigation of the power industry under Humphrey provides evidence to the contrary, Ellis W. Hawley, *The Great War and the Search for a Modern Order: A History of the American People and Their Institutions, 1917- 1933* (New York: St. Martin's Press, 1979), 102; William E. Leuchtenburg, *The Perils of Prosperity, 1914-1932* (Chicago: University of Chicago Press, 1958), 190; Thomas C. Cochran and William Miller, *The Age of Enterprise: A Social History of Industrial America* (New York, The MacMillan Company, 1949), 346; J. Leonard Bates, *Senator Thomas J. Walsh of Montana: Law and Public Affairs, from TR to FDR* (Urbana: University of Illinois Press, 1999), 259; for a more nuanced view that sees the utility investigation as an exception to the FTC's general weakness in the 1920s see Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, MA: Belknap Press, 1988), 149-151.

committees, utility companies, and industry associations, and ransacked their file cabinets, carrying away thousands of pages of letters that were never intended for public eyes.⁹¹² As an attorney for NELA lamented in 1930, “many of these letters were better left unwritten.”⁹¹³ To help them understand these items, the FTC called over forty utility employees to testify before the commission and introduced over 6,200 letters, memos, and reports as evidence. Transcripts of the proceedings ran seventy-seven volumes, each running hundreds of pages. Only in 1935, after seven years of investigation did the FTC rest from its labors.⁹¹⁴

The investigation into the Bell System, carried out by the FCC, operated in a similar manner. Federal Communications Commission investigators began their work in March of 1935 after a joint resolution of Congress directed them to determine “whether or not the companies have sought, through propaganda or the expenditure of money or the control of the channels of publicity, to influence or control public opinion, legislative or administrative action, or elections.”⁹¹⁵ The resolution had been supported by New Deal Democrats Burton Wheeler and Samuel Rayburn, chairs of the Senate and House Commerce Committees, respectively.⁹¹⁶ At the outset of the investigation, AT&T president Gifford declared that his firm had “no skeletons in our closet,” but the inquiry revealed otherwise.⁹¹⁷ During the investigation, FCC commissioners carefully documented the publicity activities of the Bell System, collecting seventy-seven archival boxes of material, which commissioners summarized in a report that itself filled eighteen additional boxes, including exhibits.

Origins

As the FTC and FCC investigations showed, the publicity work of utilities began before World War I, yet the efforts to shape public opinion became more systematic and coordinated as a direct outgrowth of World War I. Some scholars have seen continuity between the pre- and post-war public relations activities of utilities, but the establishment by utilities of state information committees represented a significant institutional shift and increase in scale in the public relations of utilities.⁹¹⁸ In April of 1919, Samuel Insull, the president of the Commonwealth Edison Company of Chicago, established the first

⁹¹² *FTC Letter No. 3* (1928), vi-vii; Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), 69.

⁹¹³ B. F. Weadock, Special Counsel, “Federal Trade Investigation,” *Proceedings of the Fifty-third Convention of the National Electric Light Association, June 16-20, 1930* (1930), 68.

⁹¹⁴ *FTC Letter No. 73* (1935), ix; *FTC Letter No. 77* (1935), 15, 121.

⁹¹⁵ Federal Communications Commission, *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937), 4:1.

⁹¹⁶ “Roosevelt Orders Telephone Inquiry: He Signs Resolution Granting \$750,000 for a Sweeping Investigation of Industry,” 21, *New York Times*, March 16, 1935.

⁹¹⁷ “Gifford Says A.T.&T. Has No Fears of FTC [sic] Investigation,” 1, *Wall Street Journal*, November 19, 1934.

⁹¹⁸ Alan R. Raucher, *Public Relations and Business, 1900-1929* (Baltimore, Maryland: The Johns Hopkins University Press, 1968), 65-74; David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 482; Noel L. Griese, *Arthur W. Page: Publisher, Public Relations Pioneer, Patriot* (Atlanta: Anvil Publishers, 2001), 148-49.

state public utility information committee in the country. In both name and strategy, Insull patterned his Illinois Committee on Public Utility Information after George Creel's Committee on Public Information. "We took the idea from some of our activities in Illinois during the war and we started an Illinois Committee on Public Utility Information," Insull forthrightly declared to members of the American Electric Railway Association in 1922.⁹¹⁹ During the war, Insull had worked with Creel's massive public relations organization as chairman of the Council of Defense of Illinois. In that position, Insull oversaw the Four-minute Men in Illinois, as well as other public relations groups, which brought about a massive transformation in public opinion in Illinois. At the beginning of the war, most residents in isolationist Illinois bitterly opposed intervention in Europe, but by the end of the war, most residents supported it, a fact that many credited to Insull's tireless work.⁹²⁰ Insull emerged from the war a respected public figure with new connections and new ideas about how to change public opinion.⁹²¹ He then turned from making the world safe for democracy to making Illinois safe for monopoly capitalism.

Insull first hired George Mullaney to serve as director of the Illinois Committee on Public Utility Information. Insull had met Mullaney during the war when Mullaney had worked as a publicity writer for Insull's Council of Defense of Illinois. Like many future information committee directors, Mullaney had once worked as a newspaper reporter and possessed many useful contacts among Illinois editors. In addition, Mullaney's combative disposition and contempt for big government made him a perfect match for Insull's ambitious plans and deep pockets.⁹²²

Mullaney began his work as director by developing a free weekly news bulletin containing articles and editorials favorable to corporate utilities. Newspaper editors could copy the articles free of charge and did not have to attribute the article to its actual author. To promote the new service, Insull wrote a letter to every newspaper editor in Illinois, laying out a dire picture of the nation's economy. Seventy-one streetcar companies had already failed nationwide in the few months since the war, Insull warned. In Illinois alone, utilities represented \$850 in investment capital, employed 45,000 workers, and spent \$65 million per year on construction. Thanks to the establishment of the Federal Reserve, panics due to bank runs could no longer occur, according to Insull, but: "a condition as bad as the worst panic can arise from another source," namely, the demise of corporate monopoly utilities. If newspaper editors wished to avoid this catastrophe, they could do their part by publishing articles from Mullaney's news bulletin. The weekly news service would contain only "accurate and dependable facts, concisely put and usable as news for their news value," Insull wrote, and it was free. "Your good work in

⁹¹⁹ Samuel Insull, "Public Relations," speech before the American Electric Railway Association, Claypool Hotel, Indianapolis, IN, February 28, 1922, 6-7, Folder 21-1, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

⁹²⁰ "Samuel Insull and the State Council of Defense of Illinois in the World War of 1917-1918," 9, Folder 19-15, State Council of Defense of Illinois, 1917-1919, Insull Papers.

⁹²¹ Ernest Palmer, Chicago Chairman, Los. A. Rushton, Secretary, "Certified Copy of Letter Addressed to Mr. Samuel Insull and Resolution Adopted by the Governing Committee of the Four Minute Men in Chicago, at their Final Meeting, December 19, 1918," Folder 19-15, Insull Papers.

⁹²² Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 75, 100.

the war, suggests that you will be equally alert to the peacetime needs,” Insull solemnly noted.⁹²³

To further promote the news service, Mullaney sent copies of the bulletin to utility managers throughout Illinois and asked them to read it and then “jog each editor’s memory on it from time to time.” To do accomplish this second task, Mullaney advised managers to buy advertising to establish an acquaintance with editors. Then, after the editor’s “interest” had been obtained, managers could broach the subject of printing articles from the bulletin. Mullaney recommended that managers also write to their local editor using phrases such as “please try to have some of the enclosed news articles used, or at least commented on.”⁹²⁴

Insull and Mullaney were not content to grab space in Illinois newspapers alone. They exported the strategy nationwide. In 1919, Insull, in his typical brash style, stood before a group of utility executives at a NELA convention and ordered them to “get busy and do something” with respect to publicity committees. In Mullaney’s fawning analysis, the speech produced twenty-eight state utility information committees by 1925, and many other publicity directors credited Insull as their pioneer.⁹²⁵ Most of these committees were founded in the first three years of the 1920s.⁹²⁶ The information committees usually covered one state, but in some regions, such as New England or the sparsely populated West, a single committee oversaw publicity activities in multiple states. By the mid-1920s, the institutional structure for space-grabbing and publicity was firmly in place and smoothly operating in most of the United States.⁹²⁷

These information committees employed a small number of people but their influence exceeded their size. A typical committee consisted only of a director and his secretary, and occasionally an additional stenographer or part-time assistant.⁹²⁸ State information directors were not associated with one single company, but served as an unofficial vice-president of public relations for the entire state, coordinating employees

⁹²³ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 102.

⁹²⁴ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 74-75.

⁹²⁵ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), xii, 87; Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 140.

⁹²⁶ Examination of Willard Cope, vice-president and executive secretary, Utilities Information Committee of Georgia, in *FTC Letter No. 3* (1928), 526; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 39; Examination of Leon C. Bradley, Director, Alabama Public Utilities Information Bureau, in *FTC Letter No. 10* (1929), 1; “Here and There with the Section,” *American Gas Association Monthly*, March 1922, 157.

⁹²⁷ Examination of George F. Oxley, Director of the Department of Public Information, National Electric Light Association, in *FTC Letter No. 3* (1928), 20-21.

⁹²⁸ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 6; Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 88; Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 442; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 40-41.

across companies and carrying out projects that were either too sensitive for any one company to associate themselves with too closely, or mutually beneficial to all companies, and often both. Information directors coordinated the public relations activities within their state or region, but did not carry out most the activity themselves. Instead, they compiled news sheets, distributed them to editors and managers, encouraged managers to advertise liberally, organized speakers bureaus, gave speeches themselves, exchanged print sheets and strategies with directors in others states, and worked with senior executives and national association representatives to combat socialists and public ownership bills. Oversight of the directors' activities was carried out by a committee of executives at a few of the utility companies in the state.⁹²⁹

Though small, these state information committees were not side shows at which utilities threw a little money. They constituted the central public relations strategy of the utilities industry during the 1920s. As the authors of an American Gas Association report stated in 1925, "the keystone of our publicity, of course, is the state information committee movement, which has headquarters in 26 states, and through these offices cover practically the entire country."⁹³⁰

Joint Funding

A crucial point about the state information committees, and one that has been overlooked in the scholarship, is that the committees were jointly funded by all four major utility industries. Streetcar, gas, electric, and telephone companies in each state contributed funds to their state's information committee.⁹³¹ The Pennsylvania information committee, for example, received funds from streetcar, gas, electricity, and telephone executives, who collectively rejoiced in 1923 that they could present a "solid front" to the public.⁹³² The companies that supported the information committees also represented nearly all of the corporate utilities in the state. The Illinois committee included "all of the companies of any consequence," according to one utility manager, and represented ninety-nine percent of the electrical output as well as an unknown share of the streetcars, gas, and telephone business.⁹³³

The cross-industry funding of state committees made sense considering that many of the sponsoring utilities were involved in multiple industries. Company names, such as the New Orleans Railway and Light Company and the Pacific Gas & Electric Company, revealed their multiple lines of business. The titles of industry associations, such as the National Electric Light Association and the American Gas Association, were restrictive

⁹²⁹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 460-61, 467.

⁹³⁰ Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 404;

⁹³¹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 461, Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 141-42.

⁹³² Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 400.

⁹³³ Examination of Robert V. Prather, Secretary-Treasurer, Great Lakes Division, National Electric Light Association; Secretary-Treasurer, Great Lakes Division, Illinois State Electric Railway; Secretary-Treasurer, Illinois Gas Association; Secretary-Treasurer, Illinois State Association; in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), .

in name, but in practice, the same people appeared at their public relations committee meetings. Some publicity agents even chaired the same committees in multiple industry associations.⁹³⁴ An analysis of the activities of these state committees cannot be separated by industry any more than the utilities funding them could be. The telephone industry may appear to be an outlier within this industry configuration, but AT&T worked cooperatively with the Joint Committee, which coordinated efforts across industry associations, and the state information committees, as well as with other less formally organized groups.⁹³⁵

During the Progressive Era it had been profitable for the press to antagonize corporate monopolies, but in the 1920s, utility companies sought to make it more profitable to cooperate with them. Bringing about this change was not cheap, but it was not expensive either. In 1923, all the utilities combined spent around \$20 million on advertising. The entire Bell System spent \$2.77 million in 1923, or about 30 million in 2014 dollars.⁹³⁶ In 1928, the Bell System spent doubled their advertising expenditure to \$5.9 million, while the Edison Electric Illuminating Company in New England spent around \$750,000.⁹³⁷ Most utilities spent less. In 1924, the Boston Edison Company spent 267,000, eighteen percent of which went to “institutional and good will advertising,” the largest single category.⁹³⁸ In 1927, the large Georgia Power Company spent \$251,402 in advertising through newspapers, billboards, streetcars, bill stuffers, circulars, direct mail, movies, radio, and corporate philanthropy.⁹³⁹ These expenses did not represent a significant percent of company revenue. In 1920, the advertising expenses of Bell Companies averaged only 0.3 percent of gross telephone revenues, or a total of \$1.4 million.⁹⁴⁰ In 1921, the Bell System spent \$1.9 million on advertising space in magazines with a total circulation of 28 million. Since the System advertised every other month, this

⁹³⁴ Examination of Robert V. Prather, Secretary-Treasurer, Great Lakes Division, National Electric Light Association; Secretary-Treasurer, Great Lakes Division, Illinois State Electric Railway; Secretary-Treasurer, Illinois Gas Association; Secretary-Treasurer, Illinois State Association; in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), .

⁹³⁵ E.K. Hall, Vice President, AT&T, “Summary of Conference and Objectives of Personnel and Public Relations Work for the Next Twelve Months,” in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 69; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX); Federal Communications Commission, *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937) (hereafter FCC., *Telephone Investigation* (1937)), 4:129-130.

⁹³⁶ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 86; Using the CPI from these years; ref: “Purchasing Power Calculator” (website), <http://www.measuringworth.com/uscompare/relativevalue.php>.

⁹³⁷ FCC, *Telephone Investigation* (1937), 4:69; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 166; the Boston Edison Company spent about the same as the Georgia Power Company.

⁹³⁸ David B. Sicilia, “Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 520.

⁹³⁹ Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 98.

⁹⁴⁰ “Purchasing Power Calculator” (website), using CPI from 1920 to 2013, <http://www.measuringworth.com/uscompare/relativevalue.php>.

amounted to 168 million ads, or just over a penny per ad.⁹⁴¹ In 1925, NELA tried to get utilities to spend one percent of their gross revenues on advertising, indicating that most spent less, although one gas company reportedly spent two percent of their revenue.⁹⁴²

For this small expense, utilities received, not only ads, but articles and editorials. In the 1920s, newspaper article space was not only for sale, it was cheap, though the cost of news space was more expensive than the cost of advertising space. In April of 1924, the Pacific Telephone & Telegraph Company spent approximately \$9,200 on advertising in California, Oregon, Washington, and Nevada, and succeeded in planting 362 articles in northern California newspapers alone; an average cost per article of just \$25.32.⁹⁴³ In 1927, Missouri utilities spent \$440,796 on newspaper advertising and received fifty six full pages of articles. This amounted to \$7,800 per newspaper page, if one excludes the advertising space this also purchased.⁹⁴⁴ Also in 1927, utilities from all over the country spent \$84,000 to support the Hofer Service, which provided free articles to newspapers. Since newspapers in 1927 published over 18,500 full pages of Hofer's articles, the cost to utilities came to just \$4.54 per full newspaper page of articles, a great deal.⁹⁴⁵

Whatever the cost of publicity, it was all passed on to customers. Regulatory boards permitted utilities to include advertising in the overall service production costs that boards used to set rates. This made advertising part of the bill that customer paid. Monopoly utilities advertised to customers and customers paid for it.⁹⁴⁶

Goals of Space Grabbing

The goal of planting articles and editorials in newspapers was to improve public opinion toward corporate monopoly utilities. Throughout the 1920s, public utilities faced municipal ownership fights, resistance to rate increases, and proposals in Congress for federal hydro-electric plants. Utilities desperately wanted to convince Americans that

⁹⁴¹ William P. Banning, Information Department, AT&T, "Advertising Technique and Copy Appeal," presented at a Bell System Publicity Conference, 1921, 2, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

⁹⁴² Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 108, 124.

⁹⁴³ This cost per article estimate is conservative, since the number of articles placed in regions other than Northern California is unknown. The \$9,200 per month is an approximation using the yearly total for 1923 divided by twelve. 1924 expenses are not known. Pacific Telephone and Telegraph, *Summary of Results Obtained From Use of Telephone Press Service Bulletins, Coast Division, Month Ending—April 30, 1924*, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX; Pacific Telephone and Telegraph Company, *Publicity and Advertising*, May 1924, 8, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX; *Advertising Expenditure, The Pacific Telephone and Telegraph System, 1920*, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

⁹⁴⁴ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 124, 77.

⁹⁴⁵ Eighty-four thousand dollars in 1927 converts to \$1.13 million in 2013 dollars using the CPI from these years; ref: "Purchasing Power Calculator" (website), <http://www.measuringworth.com/uscompare/relativevalue.php>. Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 228.

⁹⁴⁶ This is why Ernest Gruening entitled his critique of the electricity industry *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931).

corporate ownership was superior to government ownership and that corporate utilities deserved rate increases. This is why state information directors purchased ads and planted articles. When an FTC examiner asked John Sheridan of the Missouri committee about the goals of his publicity work, he replied, “unquestionably, as a whole, the thing is to influence public opinion and newspaper opinion.” A few years earlier, Sheridan told Missouri newspaper editors that utilities wanted to keep their customers “so well informed and to possess their good will and confidence to such an extent that they will approve any demand you may make for increase of rates.” Bernard Mullaney of the Illinois committee told executives at the American Gas Association convention in 1922 that state committees, and their space grabbing activities in particular, were “invented for developing better public relations.”⁹⁴⁷ Joe Carmichael testified during the FTC hearings that he had increased advertising by 1,000 percent to get editors to “take a more friendly attitude.”⁹⁴⁸

News services shared the goal of improving public opinion toward corporate monopolies. A Hofer news service sales flyer to utilities in 1926 stated that the goal of the service was “changing a public consciousness, which is not visible, from an uninformed or destructive attitude to constructive tendencies.” The flyer warned executives that “when the Nation is flooded with inflammatory press comment in the excitement of a political campaign, or when radical agitators are disturbing the people with unsound doctrines, business conditions become unsettled, industry imperiled, investments go into hiding, employment lags, and profits fall off.” Hofer’s articles, the advertisement claimed, counteracted these statements and helped safeguard private industry, “The reproductions from our service, appearing as original editorial comment in the rural press and small city dailies, constitute a vigorous and continuous drive in favor of business and industrial stability and counteract radicalism in all its forms,” the flyer enthused. Robert Hofer wrote one executive in 1927 that “I feel sure that it pleases you to see a good editorial on utility problems, taxation, or public ownership in a rural weekly or daily paper,” and argued that “this helps build up a public understanding regarding fundamentals affecting the utility industry which assures a more open-minded hearing.”⁹⁴⁹

Bribing Editors

In many states, utility managers and newspaper editors agreed to exchange advertisements for articles. One of the most explicit agreement between managers and editors occurred in Missouri. In 1922, John Sheridan of the Missouri utility publicity committee, came to a detailed three-part agreement with the editors of the Missouri Press Association. First, both parties promised to “play the game on the square,” meaning that they would both keep up their end of the deal. Second, the utilities pledged to provide advance notice on rate-increase requests to editors so that editors could begin educating the public. Lastly, rather than the ads being purchased from a centralized publicity

⁹⁴⁷ Bernard J. Mullaney, Peoples Gas Light & Coke Co., Chicago, “The State Committees on Public Utility Information,” *American Gas Association, Fourth Annual Convention, October 23-28, 1922* (New York, American Gas Association), 41, 104, 270.

⁹⁴⁸ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 32.

⁹⁴⁹ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 229, 231, 245-46.

committee or from a distant corporate headquarters, the editors required each local utility place their advertising directly with local newspaper editors.

In an attempt to seal the deal, Sheridan stood before the Missouri Press Association and declared, "Gentlemen, in all these three points the editors of Missouri are in agreement with the operators of public utilities in Missouri. Now, being in agreement on the three principal points of public relations between the utilities and their newspapers and the public, there does not seem to be any reason why the newspapers and the public utilities can not come to a business understanding, openly arrived at." The editors agreed, but since they controlled the press and none of them felt compelled to report on the deal, the agreement was much less open than Sheridan made it out to be.⁹⁵⁰

In May of 1922, a few months after executives and editors came to their agreement, J.F. Hull, editor of the *Maryville Tribune* and new president of the Missouri Press Association, gave a speech to the Missouri Association of Public Utilities. "The newspapers want advertising" he said, and a few lines later, "the utilities want to get the facts of their operation before the public." The speech had largely been written by John Sheridan and copies of it were mailed out to utility executives and editors who could not attend the meeting. During the Federal Trade Commission hearings into the utilities industries, an FTC examiner asked Sheridan if it "was not the purpose of getting the utilities to advertise to promote a more favorable attitude on the part of the newspapers toward the utilities?" "Surely," Sheridan answered, "that is fundamental all the time."⁹⁵¹ In Missouri, advertising functioned as currency with which utility managers bribed editors to plant articles. The advertisements were not primarily meant to influence readers, but editors.

As the agreement between editors and utility agents took hold in Missouri, Sheridan's power over the press increased to the point that he could dictate the content of some newspapers. In 1923, Sheridan wanted an article he wrote published, so he sent it to a manager at the North Missouri Power Company, instructed him to take it to his local editor and to tell the editor that he had written it himself rather than Sheridan, and to tell the editor to print it, but to do so under the editor's own name, not the managers. It was done, except that no author was listed. On June 15, 1923, "The Real Value of Public Utilities," appeared in the *Excelsior Springs Standard*. The private utilities in Excelsior Springs were known to be good advertisers in the *Excelsior Springs Standard*.⁹⁵²

In April of 1924, Sheridan wrote Mr. Feuers, the general manager of the City Light & Traction Co., and asked him to get an editorial printed in the *Sedalia Democrat*. The article appeared in the Sunday, April 13 issue of the paper. Feuers forwarded the article to Sheridan along with a note stating that "the errand which you entrusted to me was duly and successfully carried out." Sheridan wrote back that he was glad the paper's editors had been "stimulated enough to put out such a marvelous editorial" and that when

⁹⁵⁰ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), xiv, 81-83.

⁹⁵¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 95-97.

⁹⁵² "The Read Value of Public Utilities," *Excelsior Springs Daily Standard*, June 15, 1923, 1, microfilm, State Historical Society of Missouri, Columbia; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 135-36, 121.

the article hit 60 Wall Street, where the City Service holding company was headquartered, Feuers would be in for a 100 percent raise.⁹⁵³

In many cases, however, utility managers could not just waltz into newspaper offices and dictate to editors all the news that was fit to print. Many editors maintained pride in their editorial independence and could get offended if utility managers sought to purchase their news space too directly. Yet, even where the ads-for-articles racket was not explicit, the idea of a trade was there nonetheless. Samuel MacQuarrie of the New England committee visited a large number of these small-town editors and reported that “when I talked to these men a good many of them said frankly, ‘If you want to get into our news columns, why don’t you advertise?’”⁹⁵⁴ When an FTC examiner asked Joe Carmichael of the Iowa committee if he had increased utility newspaper advertising because he knew “it would bring about a more friendly attitude on the part of the newspapers toward the utilities and toward their publicity releases?” Carmichael freely admitted that he had.⁹⁵⁵

In some cases, utility managers purchased advertising space as a reward to editors for favorable news coverage already printed. In 1928, a local editor in Birmingham, Alabama, received “a complimentary advertisement” from the Southern Bell Telephone Company in recognition of the “splendid work being done...in connection with his fight against the question of taxes,” in the words of the local Bell manager. In 1925, the editor of the *Bourbon Stock Journal* of Louisville, Kentucky, received advertising because “the editor of the journal has been very friendly and helpful to us in many matters,” the local Bell manager stated, “and I think that a few dollars spent with this paper will tend to maintain the cordial relations.”⁹⁵⁶

In other cases, utilities placed ads, not as a reward for favorable articles, but to soften up negative editors. In 1929 the Southern Bell Telephone Company advertised in the *Everglades News*, of Canal Point, Florida, even though Southern Bell did not even provide service in the town, because the editor of the paper was a member of the Florida legislature “and was one of the few members who appeared to have a grudge against us,” according to a Bell manager. The Southern Bell Telephone Company also violated its own rule against advertising in special editions because the editors of the *Clarion Ledger* of Jackson, Mississippi, had been “very unfriendly toward the telephone company,” and the utility wanted to continue its “efforts to bring this paper into line.” Later, a Bell manager clipped an article from the paper on government telephone relations and noted that “the increased advertising has helped.”⁹⁵⁷

Utility managers also courted the favor of editors by providing them with free service. The Southern Bell Telephone provided free service to members of the North Carolina Press Association from at least 1927 to 1934. In March of 1927, Beatrice Cobb,

⁹⁵³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 129-30.

⁹⁵⁴ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 176.

⁹⁵⁵ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 31-32.

⁹⁵⁶ *FCC, Telephone Investigation* (1937), 4:63-67.

⁹⁵⁷ Underlining in report, *FCC, Telephone Investigation* (1937), 4:65, 4:62.

the editor of the *News-Herald* of Morgantown, sent a Bell manager named Harris a “Thank You” note for the free service along with an editorial on telephone service she had written and published in her paper. Harris wrote back stating that he hoped she would continue to use the free service. Cobb was also the Secretary-Treasurer of the North Carolina Press Association and Bell managers considered her “a very influential person in North Carolina public affairs.”⁹⁵⁸

In December of 1932, Cobb again wrote Harris and told him that she would “always stand up for the telephone company to the utmost of my ability,” but was careful to note that she was “not unduly influenced by...the favors you have extended me.” The letter was proudly circulated among the Southern Bell Company’s top executives, including its president and general counsel. A short while later, the Chairman of the Legislative Committee of the North Carolina Press Association also wrote Harris to thank him for the free service. On *The Evening Telegram* letterhead, the chairman stated that he would “reciprocate the courtesy at any future time, you need but to command me.”⁹⁵⁹ In 1926, Edwin Bemis, a newspaper owner, instructor in journalism at the University of Colorado, and field editor of the Colorado Editorial Association, wrote to George Lewis of the Colorado committee to thank him for the party Lewis had thrown for the editors of Bemis’s association. Bemis told Lewis that, “the publishers enjoyed the theater party and particularly did they enjoy the extremely friendly relations which existed between the utility bodies and the newspapers.” Bemis added that, “any time you desire any cooperation from the papers, which we can give, I hope you will feel free to call on us.”⁹⁶⁰ By that point, the relationship between the utilities and the press was not just “hand in hand,” as Sheridan had envisioned in 1922, but more like hand in glove.⁹⁶¹

Some editors, however, recognized their own power in their relationship with utilities and wielded their influence skillfully to obtain more advertising. The editor of the *Missouri Trade Unionist*, Charles Fear, complained to John Sheridan in 1922 when the Southwestern Bell Telephone Company had not been forthcoming with advertising. “When that aggregation wanted a franchise they promised me support and advertising if I helped them,” Fear huffed in a letter to Sheridan. Sheridan replied that he had “immediately called upon Mr. Douglas Williams of the Southwestern Bell, and he told me that he would send you an ad. right away.” Sheridan could not remember the specific of the deal during his FTC testimony in 1928, but noted that, “I have not the slightest doubt that in all human probability I tried to get him an ad., because that was my constant practice.” Fear must have been persuaded to continue his cooperation because in 1926 Sheridan described his paper to a utility manager as “the most useful and best newspaper friend that the utilities have.”⁹⁶²

In the spring of 1927, however, Fear again complained to Sheridan about the lack of advertising, and Sheridan again counseled patience while he contacted utility advertising managers at the Southwestern Bell Telephone Company and the Missouri

⁹⁵⁸ *FCC, Telephone Investigation* (1937), 4:45.

⁹⁵⁹ *FCC, Telephone Investigation* (1937), 4:45-48. *The Evening Telegram* was published in Rocky Mount, N.C.

⁹⁶⁰ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 421-22.

⁹⁶¹ *FCC, Telephone Investigation* (1937), 4:48, 46-47

⁹⁶² Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 86-90, xvii.

Light & Power Company and asked them to smooth things over with Fear. Utility executives had once bribed city council members to obtain franchise permits, but muckraking journalists had made that difficult. Now, utility executives bribed the journalists.⁹⁶³

In another case, the editor of *Lead Belt News* of Flat River, Missouri, complained to Sheridan that the Missouri Public Utilities Company purchased ads in city papers but “they do not spend a dollar locally.” The editor also noted that the company “had on different occasions made application for increase in rates, but have always met with vigorous opposition, naturally.”⁹⁶⁴

Editors in other states also made it known when they felt their services were not being fully appreciated. In 1927, the Southern Bell company was considering cutting back advertising in South Carolina, the editor of the *Aiken Standard* reminded the company that, “Right now the Southern Bell is seeking to secure an increase in rates in Aiken and...I have been of assistance in this matter. There has been opposition. I had hoped at the beginning of the year to have had more copy.” Southern Bell managers decided to continue the advertising, since, as one Bell employee put it: “I think it advisable to do nothing at this time which would affect that situation.” In this case, bribing editors with advertising functioned, not to secure franchise permits, but to avoid bad press regarding a rate increase.⁹⁶⁵

If bribing editors with advertising or free service did not work, utility executives sometimes just put editors on the company payroll. E.H. Griffin, the owner of four papers in Georgia and a former Georgia house member, worked as a paid lobbyist for the utilities while at the same time running his newspapers. Griffin knew many newspaper editors throughout the state and personally visited each of them if he knew they were in favor of a water-power bill proposed by the Municipal League of Georgia. According to the Georgia information director, Griffin’s work, along with a carefully managed publicity campaign, was “the sole reason why these bills are not now law.”⁹⁶⁶

In Texas, the utilities hired an Associated Press editor, William C. Grant, to serve as director of the Texas Public Service Information Bureau, but Grant never quit the AP. Instead, he sent out articles that served his new employers’ interests over the AP newswire. In November of 1927, for example, Grant prepared a story on the number of recent purchases of independent telephone companies. The information for the story had been sent to him from the general manager of the Gulf States Telephone Company, who was also a member of Grant’s oversight committee at the Texas Public Service Information Bureau. Grant sent the story out over the AP and United Press news wires and then informed his utility boss that he had completed his assigned task.⁹⁶⁷

Grant proved a prolific writer for the Texas information bureau. On December 29, 1927, Grant wrote to the editor of the *Houston Chronicle* that he was writing a story for

⁹⁶³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 86-90, xvii.

⁹⁶⁴ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 109-110, xviii.

⁹⁶⁵ *FCC, Telephone Investigation* (1937), 4:63.

⁹⁶⁶ Examination of Willard Cope, vice-president and executive secretary, Utilities Information Committee of Georgia, in *FTC Letter No. 3* (1928), 527-28.

⁹⁶⁷ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 447.

the AP about the industrial forecast for 1928. Based on interviews Grant conducted with electricity executives, many of whom were probably his own bosses, Grant predicted a rosy outlook. The article appeared at the beginning of the year. He also published “Another Sign of Dallas’s Greatness” in the *Dallas Times-Herald* on August 27, 1927. Grant wrote many more articles that were flattering to utilities. In September of 1927, Grant wrote to an executive at the Dallas Railway & Terminal Company, C.J. Crampton, enclosing a *Dallas News* article about a passenger who had lost some money on the streetcar and had it returned to him. Grant told Crampton that the article had probably been written by Crampton himself, indicating that the article appeared either unsigned or under the cover of pseudonym.⁹⁶⁸

When hiring active reporters, utilities sometimes went to elaborate means to cover their tracks. In 1927 and 1928, Mrs. John D. Sherman, the president of the General Federation of Women’s Clubs and no relation to the Missouri publicity director, penned articles for *Better Homes and Gardens* and *Woman’s Home Companion* about the benefits of utility appliances for women. The magazines paid Sherman \$250 for her series of articles through her agents Lord & Thomas and Logan. But NELA paid the advertising agency \$690 each month to fund these articles. The agency kept \$90 of NELA’s money, sent \$600 to Sherman, and mailed the \$250 payment from the magazines to the NELA. At the same time, Lord & Thomas and Logan was also running a nation-wide advertising campaign for NELA. Mrs. Sherman’s organization also received \$80,000 from NELA and the AGA over three years to ostensibly carry out a survey of home electrical appliance use in urban and rural homes.⁹⁶⁹

When nothing else could be arranged, utilities executives sometimes just handed over the boodle. The editor of the labor paper, *Work*, received one hundred dollars a year from the Ohio Bell Company to print articles they selected in his paper. No Bell advertising appeared in the paper. The paper was published in Columbus, Ohio, by the former head of the miners’ unions in Ohio and Pennsylvania. The president of Ohio Bell, C.P. Cooper, knew about the deal and approved it. It is unclear how long the agreement had been in effect, but a letter from 1925 acknowledged that it had been going on “for a number of years.” Ohio Bell wrote down these expenses in their account books as “Charity Advertising” or “Space Bought during 1927 But No Copy Run in Publications.”⁹⁷⁰

News Services

In addition to planting articles from their own newsheets and securing friendly coverage from local editors, utilities also sponsored supposedly independent news services. These services authored articles, compiled them into clip-sheets, and distributed them for free to newspapers throughout the country. By far, the largest utility news service was E. Hofer & Sons, founded by an Oregon newspaper owner Ernest Hofer. In 1912, Hofer began sending out his newsheet on utility issues to around 200 papers in Oregon and, the following year, he decided to sell his paper and concentrate his efforts on

⁹⁶⁸ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 447, 509-510, 482.

⁹⁶⁹ Examination of Mrs. John D. Sherman, President, General Federation of Women’s Clubs, in *FTC Letter No. 10* (1929), 34-44.

⁹⁷⁰ *FCC, Telephone Investigation* (1937), 4:75.

the newssheet. By the early 1920s, the Hofer Service, as it was commonly known, reached country newspapers in fifteen western states. But Ernest Hofer's son, Robert, was not satisfied with just a regional newssheet.⁹⁷¹

In 1922, Robert Hofer requested a meeting with utility executives on the East Coast in order to tap into the increasing publicity expenditures of utilities there. The meeting took place in January of 1923 in the New York apartment of Charles Coffin, the founder and former chairman of General Electric. In addition to Coffin and Hofer, attendees included E.K. Hall, the public relations vice-president of AT&T, A.W. Flor of the Electric Bond and Share Company, Philip H. Gadsden of the United Gas Improvement Company, and C.E. Grosbeck and S.Z. Mitchell both of the United Bond & Share Co. In other words, the meeting included some of the biggest players in the utilities operation and financing industries. Together they hatched a plan to massively expand Hofer's news service into all 48 states and fund the expansion through the companies controlled by the men in the room. By 1924, Robert Hofer was sending his free weekly and monthly newssheet to 14,000 editors in 48 states.⁹⁷²

In addition to the contributions of Coffin's friends, utilities companies were expected to "subscribe" to the Hofer Service, or make regular donations. Between 1915 and 1931, AT&T paid the service \$102,306 made up of monthly payments of \$1,200 each. Individual Bell Companies also subscribed. Pacific Telephone and Telegraph records show that in 1920 it contributed \$1,800 to Hofer and categorized it as an "advertising expense." The Bell System also contributed articles to the service and suggested article topics.⁹⁷³ Many other streetcar, gas, and electric companies, as well as utility holding companies, also made regular monthly payments. In 1927, utilities spent a total of \$84,000 supporting the Hofer Service.⁹⁷⁴ In the late-1920s, some utility executives tried to cancel their subscriptions but when that happened Robert Hofer called on Gadsden or A.W. Flor to pressure the executives to continue their subscriptions. Like the state information committees, the Hofer Service was jointly funded and covered all four utility industries.⁹⁷⁵

The Hofer Service was not the only news service supported by the utilities. Marcey Darnall, of Florence, Alabama, founded *Darnall's Newspaper Service* in 1924, which operated much like Hofer's, on a regional scale. Darnall copied the anti-government ownership editorials he wrote for his paper, the *Florence Herald*, and syndicated them weekly to about 200 papers throughout the South. In 1926, the publicity director of the Alabama Power Company heard about the service while visiting Darnall at his office and arranged to buy additional copies and have Darnall send it to editors who were not already subscribing to the service. By 1928, every paper in Alabama, Georgia, Mississippi, and Florida had received *Darnall's Newspaper Service* at least once, though

⁹⁷¹ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 233, 237.

⁹⁷² Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 224, 233, 240, 251; *FCC, Telephone Investigation* (1937), 4:77.

⁹⁷³ *FCC, Telephone Investigation* (1937), 4:76-77.

⁹⁷⁴ Eighty-four thousand dollars in 1927 converts to \$1.13 million in 2013 dollars using the CPI from these years; ref: "Purchasing Power Calculator" (website), <http://www.measuringworth.com/uscompare/relativevalue.php>. Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 228.

⁹⁷⁵ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 239-40, 245, xviii.

they did not know that the Alabama Power Company had paid for it. From 1926 to 1928, Darnall charged the Alabama Power Company between \$1,100 and \$1,400 a year for sending out the newsheet, in addition to the \$400 to \$500 Darnall charged the company for advertising in the *Herald*.⁹⁷⁶

Sheer Volume

When cliometrics was first becoming popular, business historian Louis Galambos searched periodicals for keywords such as “antitrust.” Galambos argued that a word’s relative frequency could be correlated to changes in public opinion regarding big business. For his survey of 1920s publications, Galambos thought he detected a decline in antimonopoly sentiment, but what he may have actually detected was an increase of space grabbing. Some of the same publications Galambos searched contained large amounts of utility advertising.⁹⁷⁷ For historians, the reality of space-grabbing makes newspapers a nearly impossible source to find authentic depictions of public opinion toward corporate utilities.

The sheer volume of articles published in exchange for utility advertising proved staggering. From 1922 through 1925, the Illinois Committee on Public Utility Information planted an average of 27,574 column-inches per year, or 164 full newspaper pages per year, most of which were authored by utility publicity agents.⁹⁷⁸ For the fiscal year ending in June 30, 1922, the New England Bureau of Public Service Information planted 8,787 column-inches of articles, equivalent to fifty-six newspaper pages the size of the *Boston Herald*.⁹⁷⁹ For the year ending March 31, 1925, the Connecticut Committee on Public Service Information, which operated separately from the New England Bureau, planted forty-three pages of articles. By the year ending March 31, 1927, that number had doubled to eighty-seven pages.⁹⁸⁰ For the year ending June 30, 1927, the Texas Public Service Information Bureau planted no less than 38,360 column-inches of content, equivalent to 240 newspaper pages.⁹⁸¹

⁹⁷⁶ Examination of Marcey B. Darnall, publisher of *Darnall’s Newspaper Service*, in *FTC Letter No. 7* (1928), 105-113.

⁹⁷⁷ Galambos searched issues of *Wallace’s Farmer* from 1895 to 1932, and issued of *Progressive Farmer* from 1926 to 1940. The National Electric Light Association advertised in both these magazines, at least in 1922, and GE advertised in *Progressive Farmer* in the 1920s. Louis Galambos, *The Public Image of Big Business in America, 1880-1940: A Quantitative Study in Social Change* (Baltimore, MD: Johns Hopkins University Press, 1975), 34, 191-221; “Address of Chairman of Public Relations National Section, Martin J. Insull,” *Proceedings of the Forty-fifth Convention of the National Electric Light Association* (New York: National Electric Light Association, 1922) (hereafter *NELA Proceedings* (1922)), 1:10; David E. Nye, *Image Worlds: Corporate Identities at General Electric, 1890-1930* (Cambridge, MA: The MIT Press, 1985), 126.

⁹⁷⁸ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 157.

⁹⁷⁹ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 169.

⁹⁸⁰ Examination of Clarence G. Willard, Secretary, Connecticut Committee on Public Service Information, in *FTC Letter No. 3* (1928), 246-47.

⁹⁸¹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 470.

The volume of planted articles was so high, that in 1925 the Illinois committee quit keeping track of the numbers. “We were afraid they would become public and might be misunderstood,” explained the associate director of the Illinois committee to the executive secretary of the Connecticut committee.⁹⁸² The executive secretary of the New England bureau also feared that the amount of space grabbing by his committee might become public and declared in 1928 that he “would not publish it under any circumstances.”⁹⁸³

AT&T also sent out a publicity bulletin and tracked its success in getting published in newspapers. Based on a three month survey of 284 US newspapers in 1932, AT&T employees estimated that newspapers published 103,770 column-inches worth of articles from AT&T clip-sheets, equivalent to 617 full-newspaper pages.⁹⁸⁴ And this was just AT&T. Individual Bell companies also sent out bulletins and purchased advertising to encourage their use. In a survey of 534 newspapers carried out by the Northwestern Bell Telephone Company in 1927, the company identified 9,888 articles or pictures in 506 newspapers in the company’s operating territory, or nearly ninety-five percent of the papers receiving the company’s publicity.⁹⁸⁵ The number of readers contacted through these planted articles is impossible to quantify but it was surely immense.

The Hofer Service was also very successful at planting articles. In 1926, according to Hofer’s own survey of newspapers, 277 Massachusetts papers published 33,246 column-inches of Hofer’s articles “verbatim” from the service, the equivalent of 197 full newspaper pages the size of the *Boston Herald*. In the same year, 167 Nevada papers copied 119 full-pages of Hofer articles, 574 Pennsylvania papers printed 415 full pages, and 613 Iowa papers printed 450 full pages of Hofer articles. In 1927, Hofer claimed to have placed a total of over 3 million column-inches of articles, or over 18,500 full pages of articles in newspapers throughout the country.⁹⁸⁶

The accuracy of AT&T, Bell System, and state committee estimates are unknown, but they may be low. These organizations assigned individual employees to comb through local papers to identify planted articles, but this did not always identify everything of interest. The Texas and New England bureaus diligently scoured newspapers for planted articles, yet they believed they found only half of what was actually printed.⁹⁸⁷

The accuracy of Hofer’s figures is more difficult to assess since Robert Hofer used the numbers to attract donations from executives. Hofer wrote one executive that the numbers “may seem to you like exaggerated statements about our own work. It has borne the closest investigation, however, of such men as the late Charles A. Coffin, E.K. Hall,

⁹⁸² Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 157; Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 92, xii.

⁹⁸³ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 168.

⁹⁸⁴ *FCC, Telephone Investigation* (1937), 4:35.

⁹⁸⁵ *FCC, Telephone Investigation* (1937), 4:36-37.

⁹⁸⁶ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 242-45, 248.

⁹⁸⁷ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 459.

S.Z. Mitchell, C.E. Groesbeck, Martin Insull, and many others.” The total number of readers reached through these papers is not known, though Hofer told his utility sponsors that the service was “reaching more people continuously with the industrial idea through the country daily and weekly newspapers of this nation than are being reached by any other single agency.” Astonished by the growth of the service he had helped develop, A.W. Flor told an executive in 1927 that “the results surpass anything I expected.”⁹⁸⁸

When scanning newspapers, employees sometimes came across negative articles. The Southwestern Bell Telephone Company had a procedure written down in its Commercial Practices manual for what to do when this happened. A mid-level manager was assigned to scan the newspapers and when he found a negative article he immediately alerted the district manager who was required to notify division headquarters within an hour about the appearance of the article and include with his report a plan for contacting the paper’s editor and anyone mentioned in the article.⁹⁸⁹ During the Depression, when criticism against the Bell System’s monopoly increased, a division manager in Little Rock, Arkansas, quit trying counteract what he viewed as inevitable criticism against the company. Yet the general manager in St. Louis reminded him that “each unfavorable item in a newspaper undoes some, if not a great deal of good will we have built up over a period of years.” The general manager ended by reaffirming the policy of upper management and informed the mid-level manager that “we should appreciate hearing your plans for reducing this type of adverse publicity.”⁹⁹⁰

Due to the close relationship between utility agents and newspaper editors, many negative articles failed to appear in the press. An advertising manager for the New York Telephone Company boasted that the company had been “able to correct, sometimes around one or two o’clock in the morning, a story which otherwise would have rather disagreeable statements, and a great deal of that is due to the very good relations that we seek to cultivate and maintain.”⁹⁹¹ At the 1927 Publicity Conference, a manager at the Ohio Bell Company explained that “letters to the editor frequently are shown to our managers before published and the name and addresses of the writers given. In many cases the letters never are printed after our side of the story is told.”⁹⁹² John Sheridan of Missouri wrote to a manager at the Continental Gas & Electric Co. of Omaha, Nebraska in 1924 that the reason Carl D. Thompson’s speeches in Missouri received almost no coverage from the Missouri press was because of the advertisements purchased by utilities. “It is not very easy for anyone to bite the hand of a good customer,” Sheridan wrote.⁹⁹³ It was not just the articles that appeared in newspapers, that gratified utility managers and encouraged their advertising, it was also the articles that did not appear.

Anonymous Authorship

The overwhelming majority of the articles planted by utility agents appeared before readers without any attribution as to their original source. This was by design. Utility directors and newspaper editors colluded to hide the true origins of the articles

⁹⁸⁸ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 248, 250, 240.

⁹⁸⁹ *FCC, Telephone Investigation* (1937), 4:49.

⁹⁹⁰ *FCC, Telephone Investigation* (1937), 4:51-52.

⁹⁹¹ *FCC, Telephone Investigation* (1937), 4:42.

⁹⁹² *FCC, Telephone Investigation* (1937), 4:51.

⁹⁹³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 116.

written by information directors. The director of the Alabama information committee, Leon Bradley, told NELA officials in 1926, that he had planted hundreds of articles in newspapers, but that, regarding his authorship, there was “nothing to show it most of the time.” The editors knew where the articles were coming from, since Bradley’s clip sheets carried his name on them and the name of his organization, but editors understood that the material would be more convincing to readers if it appeared to come from the newspapers and not from Bradley. “Sometimes, I suggested to the newspapers that it would be more effective not to quote my name,” Bradley admitted to FTC investigators.⁹⁹⁴

Corporate news sheets also invited editors to hide the true authorship of the material, and editors usually obliged. The masthead of Hofer’s monthly publication informed editors that they could copy articles without attribution, stating, “articles are not copyrighted and may be reproduced in whole or in part.” The masthead went on to state that “our people must be informed in order to uphold American principles and ideals.” Almost no attribution of Hofer’s articles was ever made in the papers in which they appeared.⁹⁹⁵ AT&T also informed recipients of its clip-sheet *News and Views of the Telephone Service* that no credit need be given to the company when using its material. Two hundred thousand copies of the bi-weekly newsheet were sent out in 1928 alone, and over 1.4 million between 1926 and 1935.⁹⁹⁶

Editors often cooperated with utilities in hiding the identity of corporate authors. In 1927, when the Alabama Power Co. wanted to take over a municipal plant in Dothan, Alabama, the company turned to Leon Bradley, a former reporter, who went to Dothan and interviewed some 100 “representative citizens” about the service, rates, and customer service that they experienced from the municipal power company. Bradley then wrote anonymous articles based on the interviews and supplied them to the Dothan *Eagle* for free. The paper knew Bradley was in the pay of the Alabama Power Company but published his articles anyway because the paper opposed municipal ownership. Shortly after the articles appeared, however, the opposition paper, the *Wiregrass Journal*, outted Bradley’s identity and spoiled the plan. But Bradley should have known better; before heading the Alabama information committee he had taught journalism at Auburn.⁹⁹⁷

Similar relationships, though longer lasting, existed elsewhere. In 1914, when the American Light & Traction Company faced municipal ownership agitation in Grand Rapids, Michigan, they hired political operative Fred Gordon, who published anonymous articles and gave dozens of speeches opposing government ownership at furniture factories, Kiwanis Clubs, Rotary Clubs, Chambers of Commerce, and even on soapboxes on the sidewalk. When giving speeches, Gordon admitted that he was employed by the traction company, but not when writing. For a single month’s work in Grand Rapids, Gordon made \$2,000—a solid middle-class annual income at that time.⁹⁹⁸

⁹⁹⁴ Examination of Leon C. Bradley, Director, Alabama Public Utilities Information Bureau, in *FTC Letter No. 10* (1929), 14-16.

⁹⁹⁵ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 230-31.

⁹⁹⁶ *FCC, Telephone Investigation* (1937), 4:34.

⁹⁹⁷ Examination of Leon C. Bradley, Director, Alabama Public Utilities Information Bureau, in *FTC Letter No. 10* (1929), 8-10, 2, 7.

⁹⁹⁸ The real price of \$2,000 in commodities using the CPI from 1914 and 2014 is \$48,100; the income value of \$2,000 in 1914 converts to \$285,000, ref: “Purchasing Power Calculator” (website), <http://www.measuringworth.com/uscompare/relativevalue.php>, accessed 2/20/2015. In *The Autobiography*

In 1915 through 1917, Gordon used similar methods for the large Byllesby company in municipal ownership fights in Fort Smith, Arkansas, Sioux Falls, South Dakota, and Muskogee, Oklahoma. Then, in 1919 when Massachusetts was threatening to spend millions of dollars to take over the entire state's corporate electricity network, NELA hired Gordon full-time for \$2,000 annually. Later the same year, the American Gas Association added another \$1,600 to Gordon's salary and he was sent to Minnesota to fight the Nonpartisan League. "That was the most tremendous fight we had in this country" against socialism, Gordon recalled. But Gordon proved too good at his job. "I worked myself out of a job because I licked those fellows out there," he reminisced with relish.⁹⁹⁹

Individual voters may have listened to Gordon's speeches because he was a recovering socialist, having subscribed to the idea in the late-nineteenth century, before, as he put it, "I educated myself out of it." But his effectiveness in print may have come from the fact that he published anonymously. "I have probably written a thousand articles in opposition of [sic] municipal socialism and State socialism and international socialism," he boasted. But concerning his authorship and employer "many of the articles did not refer to it at all."¹⁰⁰⁰

Other utility publicity agents operated in the same way. The assistant director of the Illinois information committee, Rob Roy McGregor, also planted articles anonymously. When asked by an FTC investigator if some of the anonymous articles he sent out got published, McGregor simply answered:

Yes, sir.

Without any advertisement mark on it?

Without any advertisement mark; yes, sir.

With nothing to show where it originated?

As the editor uses it, if the editor uses it, as we write it, there is nothing to show that reproduction.

That happens a good many times in the course of a year?

Yes, sir...

And it also happens in the course of the year that some of the news reflected in your pamphlet is reflected in the editorials in the same way, by the various newspapers?

Yes, sir.

That is one or two things you are organized to do, isn't it?

Yes, sir.¹⁰⁰¹

of William Allen White, the author noted with approval how nicely dressed and respectable everyone was at the Progressive Party convention in 1912, and believed no one there made less than \$2,000 a year or more than \$10,000, *The Autobiography of William Allen White*, 2nd ed., edited and abridged Sally Foreman Griffith (Lawrence, Kansas: University Press of Kansas, 1990), 249; Examination of Fred G. R. Gordon, in *FTC Letter No. 9* (1929), 50-52.

⁹⁹⁹ Examination of Fred G. R. Gordon, in *FTC Letter No. 9* (1929), 54-57.

¹⁰⁰⁰ Examination of Fred G. R. Gordon, in *FTC Letter No. 9* (1929), 51, 63.

¹⁰⁰¹ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 130.

In the 1920s, tens of thousands of articles flooded American newspapers, extolling the virtues of corporate-owned utility monopolies while depicting government-owned utilities as dysfunctional un-American wastes. Deluged by intentionally anonymous and mis-credited print matter, it became difficult for Americans to maintain an informed public discussion about the merits of monopoly capitalism.¹⁰⁰²

Contact with Editors

Planting articles in exchange for advertising was a delicate business and required a personal touch. For this reason, it was not usually carried out through the mail. That would have been too impersonal and too difficult to arrange. Instead, advertising and articles were placed by local utility managers in face-to-face conversations with editors. Executives believed that one of the values of buying advertising was that it provided an excuse for managers to personally contact editors. A 1924 memo by the Pacific Telephone & Telegraph Company described how the process worked. First, advertisements and articles were prepared at corporate headquarters or the divisional level. Then, “in all cases...copy is sent directly to the local manager with instructions to take up the advertising or other publicity with the local papers.” The memo explicitly stated that this was done “to maintain as close a contact as possible between local manager and the papers of his district.” The editor also billed the local manager, not the main office of the utility. When managers received a bill, they approved it and sent it to headquarters to have it paid.¹⁰⁰³ Other utilities practiced similar policies. The vice president of public relations for the Southern California Edison Company explained to utility executives on the East Coast that he expected the “district manager to be in personal touch with the editors of the papers.” Building large corporate monopolies required extensive personal patronage.

The problem with this arrangement was that planting articles required tact, which not all utility managers possessed. In one case, a Southwestern Bell Company employee in Missouri, in a poorly conceived attempt to follow company policy, subscribed to the *Campbell Citizen* on credit, sent in ten dollars’ worth of publicity matter, and asked the paper to publish the material for free. According to the paper, all this occurred on the same day that the Southwestern Bell raised the paper’s telephone rates. The *Campbell Citizen* told readers all about it in “Here’s a Hot One for the Citizen.” It is difficult to know how truthful the article’s claims were, but what is true is that Southwestern Bell canceled its advertising subscription with the *Campbell Citizen* several months before the article came out. That may have been the real reason for the editorial. Whatever the case, less than six months after the editorial appeared, the Southwest Bell Telephone Company resumed advertising in the *Campbell Citizen*. The first ad in the new series was appropriately entitled “Giving the Telephone Life.”¹⁰⁰⁴

¹⁰⁰² David E. Nye, “Public Relations as Covert Political Communication: The Debate Over Public vs. Private the United States,” *American Studies in Scandinavia* 16 (1984): 26.

¹⁰⁰³ Pacific Telephone and Telegraph Company, *Publicity and Advertising*, May 1924, 2, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹⁰⁰⁴ “Here Is a Hot One On the Citizen,” *The Campbell Citizen*, September 7, 1923, 2, microfilm, State Historical Society of Missouri, Columbia; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 137; Southwestern Bell Telephone Company, “Your Voice Is You,” advertisement, *The Campbell Citizen*, January 26, 1923, 3; Southwestern

Information directors, therefore counseled managers on how to plant articles without offending editors. When Mullaney first sent out his clip-sheet in 1919, he instructed utility managers to talk to editors about printing articles, but to do so “in a friendly, personal way.”¹⁰⁰⁵ The Publicity Committee of American Electric Railway Association advised members not to just take stock articles from the association’s bulletins “and request editors to print it.” Instead, managers should “enter into discussions of its contents with editors,” and solicit “suggestions for many helpful editorials, both to the newspapers and to the companies.”¹⁰⁰⁶ In 1922, C.C. Hellmers, an executive at the Marysville Electric Light & Power Company, suggested that utility managers should bring their advertisements to the local newspaper editor and “tell him in a friendly way” about news articles the utilities were also interested in having published. “The editor I think would publish it without objection,” Hellmers observed from experience.¹⁰⁰⁷

In a paper on “Establishing and Maintaining Proper Relations with Newspaper People” presented at the 1923 Bell Publicity Conference, an Ohio Bell advertising manager encouraged his listeners to become “so well acquainted with the newspaper man that you can slap him on the back and say, ‘Listen, old man, here are the facts.’” Referring to the newspapers advertising department, the manager added that “we will take it for granted that our associations with those who accept our money are pleasant. So let us enter the editorial rooms, for it is here that our relations with the newspapers are reflected in the news columns.”¹⁰⁰⁸

When utility agents succeeded in planting an article, they boasted about it to their colleagues. In 1927, a publicity director named J.S.S. Richardson mailed another publicity director a set of three articles. The first, Richardson noted in satisfaction, was “a splendid editorial from the *Beaumont Journal*. It was written and printed through a personal appeal made to the editor. It will be widely copied and reprinted.” The second was “a news story sent out by the Associated Press. Its publication is due to the influence and acquaintance of one individual journalistically known in his state.” And the third was “an editorial from the *Charleston News and Courier*. It is of major importance and we consider it a splendid result from personal contact.”¹⁰⁰⁹ Behind the thousands of articles and advertisements purchased by corporate utility managers in the 1920s, a tremendous amount of personal contact took place.

Bell Telephone Company, “The Joy of Hearing a Voice,” advertisement, *The Campbell Citizen*, March 3, 1923, 2; Southwestern Bell Telephone Company, “This Sign Means You’re Near Home,” advertisement, *The Campbell Citizen*, March 3, 1923, 2; microfilm, State Historical Society of Missouri, Columbia; Southwestern Bell Telephone Company, “Giving the Telephone Life,” advertisement, *The Campbell Citizen*, January 25, 1924, microfilm, State Historical Society of Missouri, Columbia.

¹⁰⁰⁵ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 74.

¹⁰⁰⁶ “Report of Committee On Publicity,” *Proceedings of the American Electric Railway Association, 1927* (New York: American Electric Railway Association), 319.

¹⁰⁰⁷ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 120.

¹⁰⁰⁸ *FCC, Telephone Investigation* (1937), 4:39-40.

¹⁰⁰⁹ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, and J.S.S. Richardson to R.R. McGregor, October 31, 1927, in *FTC Letter No. 2* (1928), 141, xix.

Small-town editors were particularly susceptible to space grabbing since they operated in markets where advertising revenue and subscription numbers were smaller. Money from large corporate utilities could make a big difference in the small-town editors' income. This was convenient for corporate utilities since many of the municipal ownership fights in the 1920s centered on small towns. Samuel MacQuarrie of the New England committee explained to an FTC examiner that each rural editor was a "poor newspaper man who has to have advertizing to live, and I don't blame him, to put up the proposition that if we want any favors we would have to buy space from him." "I thought the newspapers were expected to give news?" the FTC examiner replied. "Little country newspapers are in a little different category from the daily newspapers," MacQuarrie answered.¹⁰¹⁰

MacQuarrie was not alone in his analysis of small-town papers. In 1924, Sheridan of the Missouri Committee wrote to a publicity manager in Nebraska that the country press was valuable "beyond calculation," and marveled that their editors were "'God's fools,' grateful for the smallest and most insignificant service or courtesy."¹⁰¹¹ Also in 1924, the publicity director for the Pacific Telephone & Telegraph Company reported that their news bulletin was well-used by newspapers, "especially those of smaller circulation."¹⁰¹² In a 1927 letter to a utility executive in New Jersey, Philip Gadsden of the United Gas Improvement Company wrote that he was "very much surprised by the readiness with which the editors of these small country papers accept these editorials and run them in their papers."¹⁰¹³ The Hofer Service did not even bother sending its clip sheets to big city papers and only targeted small country editors. Hofer advertised to utility companies that "reproductions from our service, appearing as original editorial comment in the rural press and small city dailies, constitute a vigorous and continuous drive in favor of business and industrial stability and counteract radicalism in all its forms."¹⁰¹⁴

The desire of corporate utilities to plant articles helps explain why utilities advertised in so many small-town papers in the 1920s. When Joe Carmichael founded the Iowa Committee on Public Utility Information in 1922, he immediately increased utility advertising by 1,000% and spread the wealth around to the small-town papers. Previously, most utility advertising money in the state had gone to the big city papers.¹⁰¹⁵ In 1920, the Pacific Telephone & Telegraph Company advertising in 364 newspapers in California, Oregon, Washington, and Oregon, including thirty-nine papers in San Francisco but also in hundreds of small-town papers and even in several high school

¹⁰¹⁰ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 176.

¹⁰¹¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 116.

¹⁰¹² Pacific Telephone and Telegraph Company, *Publicity and Advertising*, May 1924, 5, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹⁰¹³ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 245.

¹⁰¹⁴ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 231.

¹⁰¹⁵ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 32.

papers.¹⁰¹⁶ The Southern California Edison Company advertised with 140 papers in their region, the Peoples Gas Co. of Illinois advertised in 112 local newspapers.¹⁰¹⁷ The National Electric Light Association purchased good-will advertising in *Collier's*, *Literary Digest*, and *National Weekly*, but also heavily advertised in farm journals such as *Breeder's Gazette*, *Farm and Home*, *Farm Journal*, *Successful Farming*, and *Progressive Farmer*.¹⁰¹⁸ *Progressive Farmer* had once been the southern organ of the Populist Party, which advocated government ownership of monopolies.¹⁰¹⁹ But by the 1920s the journal was supported by corporate monopolies.

William Allen White, perhaps the best-known small-town editor of the first third of the twentieth century, noticed the change in advertising as a reporter and editor in Kansas. In the early-1890s, White worked as a cub reporter for the *Kansas City Star*, where the editor criticized the streetcar and electricity companies and carried on a five year crusade against the gas company even though the editor's friends financed the company as bankers or owned stock in the company. White went on to purchase his own paper, the *Gazette*, published in Emporia, Kansas. White observed that in the early-1920s, "the advertising patronage of the paper was growing rapidly, crowding extra pages every day...from the East came thousands of dollars in advertising...[The *Gazette*] was a different organization from what I had come to a generation before." White claimed that his advertisers did not care about his paper's politics, though White criticized Populists, not big business.¹⁰²⁰

In 1923, a telephone company ran an ad in a small-town newspaper repeating a relevant question asked by customers: "Why do you advertise, you have no competition?" The company answered that "we want our patrons to know everything we are doing," but the desire of corporate utilities to plant articles provides a better explanation.¹⁰²¹ In the same year, a publicity manager at the Mountain States Telephone & Telegraph Company complained to an AT&T vice-president when the manager found out that a small-town Bell exchange with less than 500 telephone subscribers was not advertising. "I can't conceive of any justification of this policy from the standpoint of public relations," he wrote, "Personally, I would rather cut down on city papers than to

¹⁰¹⁶ *Advertising Expenditure, The Pacific Telephone and Telegraph System, 1920*, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹⁰¹⁷ "Service and Public Relations," *Public Service Company of Northern Illinois Year Book 1928*, 24, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections; "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," 19, Box 289, Folder 26, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

¹⁰¹⁸ "Address of Chairman of Public Relations National Section, Martin J. Insull," *NELA Proceedings* (1922), 1: 10-11.

¹⁰¹⁹ Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007), 277.

¹⁰²⁰ William Allen White, *The Autobiography of William Allen White*, 2nd ed., edited and abridged Sally Foreman Griffith (Lawrence, Kansas: University Press of Kansas, 1990), 329.

¹⁰²¹ Kansas City Long Distance Telephone Company, "Why We Advertise," (advertisement), *Excelsior Springs Daily Standard*, January 5, 1923, 3, microfilm, State Historical Society of Missouri, Columbia.

cut out the smallest weekly newspaper published in a town in which we operate an exchange no matter how small the number of stations.”¹⁰²²

Not all editors played along, however. Some refused to accept bribes. Homer Clark, the editor of the *Cass County Democrat* of Missouri, wrote an editorial entitled “Just Plain Boobs” in the November 21, 1921 issue, and then corresponded with Sheridan after it was published. In that correspondence, Clark told Sheridan that, “when the utilities come clean by discarding their watered capitalization and padded expense accounts and fictitious valuations—in other words, tell the truth—there is going to be no difficulty in establishing a relationship that will be good and healthy.”¹⁰²³ In another case, a small-town Texas editor returned an article mailed to him by a utility manager and included a “Notice to the free-publicity hounds of the universe,” though he later apologized.¹⁰²⁴

Publicity directors also avoided the Hearst papers. When Rob McGregor of the Illinois Committee was seeking to plant editorials against the Swing-Johnson bill to construct Boulder Dam, he told his boss that all but the Hearst papers might be interested.¹⁰²⁵ The Hearst chain is often criticized by historians for publishing inflammatory and jingoistic articles on foreign affairs, but the paper appears to have been more principled when it came to selling news space for advertising.¹⁰²⁶

Overall, however, utilities held the upper hand in their relationship with the press. In some cases, publicity managers ruthlessly reminded editors of their dependence on corporate utilities. In 1923, the director of the Nebraska information committee sent out an angry letter to utility managers declaring that: “I want you to ask the [newspaper] publisher or his representative, when you hand in your copy, how much advertising he has had from the municipal water plant or any other municipally owned utility within the year. Go further; ask him how much advertising the newspapers in the next town has had from the municipally owned electric or gas plant in that town.”¹⁰²⁷

Publicity and Advertising

Space grabbing did not occur in isolated instances but was part of a systematic policy carried out by corporate utility managers. Utility managers thought of advertising and articles as complementary parts of one complete strategy. A 1924 document authored by the Pacific Telephone & Telephone Company stated that specific employees were assigned to “prepare stories and advertising” and then send them to local managers for them to personally give to newspaper editors.¹⁰²⁸ An AT&T document entitled,

¹⁰²² FCC, *Telephone Investigation* (1937), 4:61.

¹⁰²³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 131.

¹⁰²⁴ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 468.

¹⁰²⁵ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 138.

¹⁰²⁶ Michael Schudson, *Discovering the News: A Social History of American Newspapers* (New York: Basic Books, 1978), 63.

¹⁰²⁷ Examination of Arthur F. Herwig, Director, Wisconsin Public Utility Information Bureau, transcribed in *FTC Letter No. 5* (1928), 470, xlviii.

¹⁰²⁸ Pacific Telephone and Telegraph Company, *Publicity and Advertising*, May 1924, 2, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

“Memorandum: The Publicity Policy of the Bell System,” dated July of 1921 stated that “the publicity job is not done by advertising alone,” and that “the news and editorial columns of the newspapers may be and should be utilized.”¹⁰²⁹ The advertising manager for the Southern New England Telephone Company stated at a Bell publicity conference in 1927, that “as a part of our friendly relationship with the press we advertise consistently in the majority of newspapers in the state throughout the year.” The other part was writing articles.¹⁰³⁰

Giving pre-written stories to editors was, in some sense, a favor, aside from the advertising that accompanied them. This was because receiving pre-written articles saved editors the cost of having to write material themselves. The editor of the *Hawk-Eye Herald*, of Mount Vernon, Iowa, wrote the Hofer Service in 1924, that “there is nothing of the general information character which comes to this office that I look upon as more helpful than notes and specifically prepared matter received from you.” Robert Hofer stated the letter was typical of hundreds he gets from editors around the country.¹⁰³¹ The publicity director of the American Electric Railway Association told utility executives that “the editorial department of every newspaper wants real news just as bad as the advertising department wants ads. If you have news, most papers will print it.”¹⁰³² The Texas publicity director, William Grant, pointed out to the managing editor of the Fort Worth *Star-Telegram* in 1927 that several of his editors and reporters had thanked Grant for saving them “considerable labor.”¹⁰³³ In the same year, Grant reported to a utility manager that the practice of utilities covering the utilities industry had become so common that some editors, “now almost unconsciously look for public utility news.” Letters from newspaper editors to Grant confirm that this was the case.¹⁰³⁴

It is not known if utility publicity agents had read Walter Lippman’s 1922 book *Public Opinion*, but they certainly subscribed to his belief that “public opinions must be organized for the press if they are to be sound, not by the press as is the case today.”¹⁰³⁵ A utility executive in Michigan told other executives that “newspapers do not make news; they gather news. If public utilities want the newspapers to print news about public utilities, they have got to make the news for them or lead them to it.”¹⁰³⁶ Joe Carmichael of the Iowa committee explained to executives regarding making the news that “it has been found also that by writing these stories ourselves and sending them to the

¹⁰²⁹ *Memorandum: The Publicity Policy of the Bell System*, July 13, 1921, 2, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹⁰³⁰ *FCC, Telephone Investigation* (1937), 4:61, 57.

¹⁰³¹ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 233.

¹⁰³² Labert St. Clair, Director, Advertising Section, American Electric Railway Association, “Getting the Public Eye and Ear,” *American Gas Association Monthly*, January 1922, 28.

¹⁰³³ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 491-92.

¹⁰³⁴ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 482, 460, 487, xxxix.

¹⁰³⁵ Walter Lippman, *Public Opinion* (New York: MacMillan Company, 1922), 32.

¹⁰³⁶ Quoted by Bernard J. Mullaney, Peoples Gas Light & Coke Co., Chicago, “The State Committees on Public Utility Information,” *American Gas Association, Fourth Annual Convention, October 23-28, 1922* (New York, American Gas Association), 271-72.

newspapers all ready for the machines, that the points which the industry desires to be emphasized receive attention, and not inconsequential matter.”¹⁰³⁷

Editors eventually became accustomed to letting the utilities write their own stories over the course of the 1920s. A publicity manager for the Ohio Bell Telephone Company observed in 1927 that “Columbus newspapers and press associations do not send reporters to cover [rate] hearings but accept our stories as written.”¹⁰³⁸ In 1928, when the practice of utilities writing articles for newspapers had been going on for nearly a decade, Grant told a publicity colleague that “the interest is so great that the papers of the state now are using more than 200 columns a month of news matter, which we supply them, and we are daily receiving requests from papers and magazines for information, news stories, and articles.”¹⁰³⁹ A Michigan Bell manager stated that “the newspapers constantly call upon the managers for information...The press associations ask us for stories.” The manager concluded, “we think we have got pretty good relations with the press.”¹⁰⁴⁰ With corporate telephone and power companies increasingly dominating the utility industry in the 1920s, newspaper editors simply let them write their own industry news.

Did Space Grabbing Work?

Did the nationwide space-grabbing effort of corporate utilities work? Bribing editors with advertising certainly succeeded in planting articles and editorials, but did those articles sway the political sentiments of readers toward corporate monopoly utilities? In some ways, the effort failed. Neither space grabbing, nor any other public relations strategy stopped the Boulder Dam project from being approved by Congress in 1928, though utilities still managed to profit from the distribution of the dam’s power.¹⁰⁴¹

Yet utility executives believed that space grabbing succeeded in many of other important areas. The publicity director for the New England committee reported in 1922 that the editorials he planted “have undoubtedly had far-reaching results in helping to shape favorable public opinion, and their value, therefore, can not be reckoned in dollars and cents.”¹⁰⁴² In the same year, Bernard Mullaney informed gas executives at an

¹⁰³⁷ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 31; *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 3, Filed with the Secretary of the Senate, June 15, 1928* (1928), xxxv.

¹⁰³⁸ *FCC, Telephone Investigation* (1937), 4:38.

¹⁰³⁹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 466.

¹⁰⁴⁰ *FCC, Telephone Investigation* (1937), 4:41.

¹⁰⁴¹ Tom Sitton, *John Randolph Haynes: California Progressive* (Stanford, CA: Stanford University Press, 1992), 118; Jay Brigham, *Empowering the West: Electrical Politics before FDR* (Lawrence, KA: University Press of Kansas, 1998), 124; Dean Witter & Co. Municipal and Corporation Bonds, *Southern California Edison Company, Ltd.* (1936) Box 271, Folder 13, SCE Records; “Letter from W. C. Mullendore, Executive Vice-President, Southern California Power Company To the Honorable City Council of Los Angeles, City Hall, Los Angeles, California, September 2, 1932,” 1, Box 116, Folder 6, SCE Records.

¹⁰⁴² This is a quote by the FTC investigator who was probably quoting the director of the New England committee, but may have been paraphrasing him. Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of

industry convention that state committees practicing space grabbing were “getting results beyond anything ever achieved by enterprises of similar or analogous purpose, in this or any other industry.”¹⁰⁴³ The director of the Iowa committee, Joe Carmichael, reported to his oversight committee in 1923 or 1924 that “almost without exception the public relations of the companies which were advertising were better, and there was more cordial cooperation between them and the public than in communities where the utility companies did not advertise.”¹⁰⁴⁴

Some of these statements could be read as self-serving success stories spun by publicity managers anxious to maintain their jobs. But several information directors and utility managers provided specific evidence to support their claims. The president of the Louisville Railway Company told other executives at an industry conference in 1922 that several aldermen in Louisville had recently threatened to issue a franchise for a nickel bus line in order to force his streetcar company to retract its court petition for a fare hike. The aldermen claimed they had nineteen of the twenty-four aldermen in support of the bus line, and that the Louisville Railway Company would be forced to settle for a five-cent fare. But the company and the Kentucky Committee on Public Utility Information continuously supplied the Louisville newspapers with their side of the story and, eventually, the city council backed down and accepted the seven-cent fare. “The newspapers of our city have been manifestly fair in their articles commenting on the situation,” the president of the railway company noted, and advised his executive audience to distribute their state news bulletin liberally. “A bulletin...will find a warm reception in all proper quarters, and can but be productive of marked improvement in public understanding of the industry,” the executive concluded.¹⁰⁴⁵

Other committees also credited specific victories to their space grabbing. In 1923, the secretary of the Georgia committee, Willard Cope, hired newspaper editor E.H. Griffin to fight a series of municipal ownership bills in Georgia. Among other activities, Griffin wrote a bulletin and sent it to 20,000 people in the state, including newspaper editors. The bulletin had been “composed thoughtfully with the idea of overcoming the extremely hurtful anticorporation sentiment which has existed in Georgia since...1908,” according to Cope. Cope also observed that the bulletin had been “read widely and one newspaper editor was so enthusiastic over the February issue that he reprinted one lengthy article in full, giving it unqualified endorsement, while many [other editors] reprint excerpts from every issue.” Cope also reported to a colleague in Chicago that it was “freely admitted by persons most familiar with Georgia politics” that Griffin’s work

Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 169; Jay Brigham, *Empowering the West: Electrical Politics before FDR* (Lawrence, KA: University Press of Kansas, 1998), 124.

¹⁰⁴³ Bernard J. Mullaney, Peoples Gas Light & Coke Co., Chicago, “The State Committees on Public Utility Information,” *American Gas Association, Fourth Annual Convention, October 23-28, 1922* (New York, American Gas Association), 270-71.

¹⁰⁴⁴ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 31; *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 3, Filed with the Secretary of the Senate, June 15, 1928* (1928), xxxv.

¹⁰⁴⁵ James P. Barnes, President, Louisville Railway Company, “The Value of Public Utility Information Committees,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 170-71.

was “the sole reason why these bills are not now law.” Cope declared during the FTC hearings that he thought his statement was “quite true.”¹⁰⁴⁶

John Sheridan described the specific results of space grabbing in a speech given to Missouri editors in late-1924 or early 1925. “The dangerous movement of the farmers and others toward socialism had been definitely checked,” Sheridan declared. He was almost certainly referring to the 1924 defeat of a state constitutional amendment that would have eliminated the regulatory commission that protected the corporate utilities. Sheridan credited the country newspapers with bringing about the amendment’s defeat. The press had supported sound economic principles, upon which the utilities were dependent.¹⁰⁴⁷

Many utility representatives also detected a distinct change over time in public opinion regarding corporate utilities. In 1911, the Public Relations Committee of the American Electric Railway Association lamented that the streetcar industry was “still suffering from the sins of the past and...yellow journals and muckrakers have magnified these situations and enlarged upon them in a most brutal way. The voice of the alarmist and demagogue is still abroad in the land and many of the railways have been silent and failed to make their side of the case plain to the public.”¹⁰⁴⁸ Ten years later, however, after churning out newsheets and purchasing newspaper space, the same organization noted that their publicity appeared “almost daily in the financial news columns of the press.”¹⁰⁴⁹ The association even stated that “many newspapers, including some which are opposed by policy to all public utilities, have in recent months remarked on the increased attractiveness of electric railway securities due to improved public relations of companies.”¹⁰⁵⁰ In Missouri, John Sheridan noted in 1922 that “the state press was at first antagonistic” but that utility advertising “had a splendid effect upon editors. The result is that we now stand very well with the editors and with the press of the State.” Sheridan estimated that “the newspapers are 99 percent with the privately owned utilities, and we showed them very clearly that there was nothing in municipal ownership for them.”¹⁰⁵¹ As early as 1921, Mullaney reported to his superiors that “newspapers that were unfriendly have become friendly, helpful editorials have appeared in the State press literally by the hundreds where formerly there were none.” Mullaney’s argument was written to his superiors, but he had evidence in newspapers to prove it.¹⁰⁵² In 1922,

¹⁰⁴⁶ Examination of Willard Cope, vice-president and executive secretary, Utilities Information Committee of Georgia, in *FTC Letter No. 3* (1928), 528-29.

¹⁰⁴⁷ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 104; Missouri Digital Heritage, Missouri Constitutions, 1820-1945 (website), <http://cdm16795.contentdm.oclc.org/cdm/landingpage/collection/p16795coll1>

¹⁰⁴⁸ “Discussion—Report on Committee on Public Relations,” *Proceedings of the American Electric Railway Association, 1911* (New York: American Electric Railway Association), 171-172.

¹⁰⁴⁹ “Report of Committee on Publicity,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 188.

¹⁰⁵⁰ “Report of Committee on Publicity,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 188.

¹⁰⁵¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 125.

¹⁰⁵² FTC examiners paraphrasing. This may or may not represent Mullaney’s exact words. I intend to check this in the archives. Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 77.

Samuel Insull explained to a group of streetcar executives that, after World War I, he and his managers “engaged the best experts we could find...the best writers we could find.” They made it “a practice, week after week, to communicate with about eight hundred different local newspapers. The effect has been tremendous throughout the state,” Insull enthused.¹⁰⁵³

Articles published from the Hofer Service also had their intended effect according to utility executives. Philip Gadsden, of the United Gas Improvement Company, described to another executive how Hofer’s “editorials...week by week, through the country newspapers, are laying the foundation for a better understanding by the people of this country of the basic economic principles upon which all business rests.”¹⁰⁵⁴ AT&T news sheets also proved effective, in the eyes of executives. A 1921 AT&T memo declared that “through the advertising and publicity emanating from this company, the Bell System has come to be better understood.”¹⁰⁵⁵ In May 1924, a PT&T executive reported that the rapid growth of Los Angeles had taxed the company’s ability to meet demand, but that the company had “been most fortunate, considering the circumstances, in the relatively small amount of criticism met with.” Credit for this was “principally due to the standing of our division commercial superintendent at that point with the papers and his personal relations with editors.” There might have been bad service and individual criticism, but it was difficult for these problems to coalesce into a movement against the monopoly because the company maintained a close relationship with the newspapers. PT&T had long been advertising with dozens of papers in Los Angeles and the surrounding suburbs.¹⁰⁵⁶

A few people outside the utility industry confirmed insiders’ view that public relations had improved. The editor-in-chief of the Scripps-Howard News noted “a changed attitude on the part of newspapers as well as the public,” which he credited to a change in behavior on the part of executives. He wrongly believed that publicity managers practicing space grabbing had misrepresented their employers’ intentions.¹⁰⁵⁷ Edwin Bemis, who owned a newspaper, taught journalism, and served as field secretary for the Colorado Editorial Association, wrote to George Lewis of the Colorado Committee that, “personally, I know you are creating a wonderful volume of good will, and I believe it is growing as the years pass.”¹⁰⁵⁸

¹⁰⁵³ Samuel Insull, “Public Relations,” speech before the American Electric Railway Association, Claypool Hotel, Indianapolis, IN, February 28, 1922, 6-7, Folder 21-1, Insull Papers.

¹⁰⁵⁴ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 245.

¹⁰⁵⁵ J.D. Ellsworth, New York, to B.C. Carroll, General Agent, Pacific Telephone and Telegraph Company, San Francisco, December 23, 1920, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

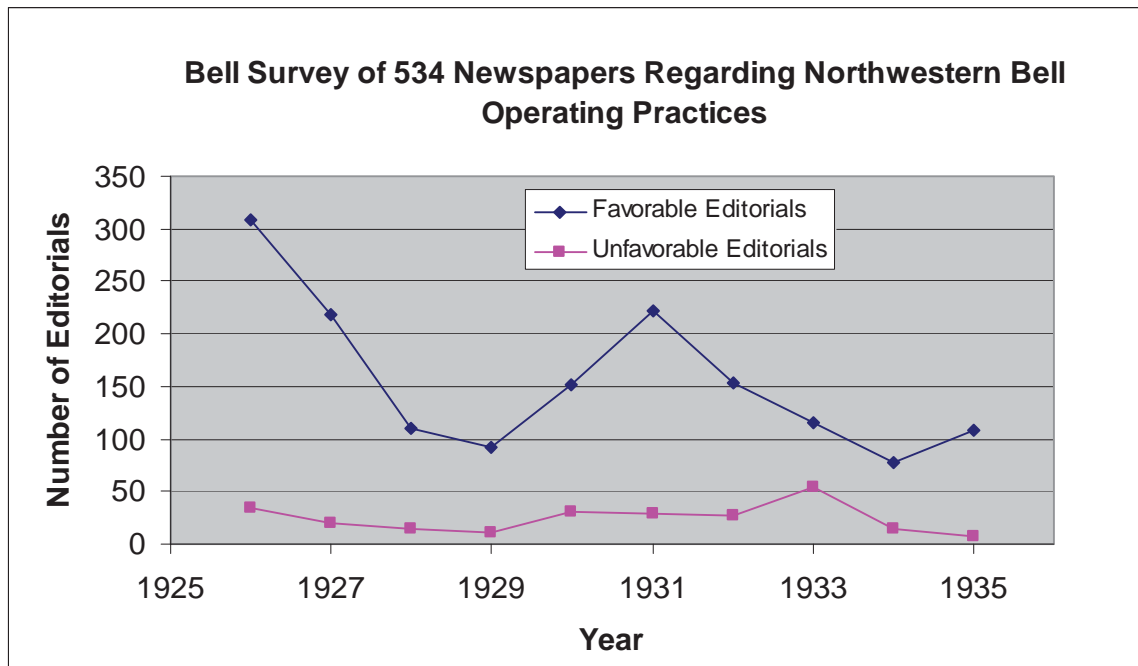
¹⁰⁵⁶ *Memorandum: The Publicity Policy of the Bell System*, July 13, 1921, 3-4, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX; *Advertising Expenditure, The Pacific Telephone and Telegraph System, 1920*, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹⁰⁵⁷ N.D. Cochran, Editor-in-Chief, Scripps-Howard News, “Transportation from the Viewpoint of the City Newspaper,” *Proceedings of the American Electric Railway Association, 1928* (New York: American Electric Railway Association), 113.

¹⁰⁵⁸ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 421-22.

Quantitative data also indicates that negative editorials in newspapers declined over the course of the 1920s. The Northwestern Bell Company, which operated in the Dakotas, Iowa, Minnesota, and Nebraska, surveyed 534 newspapers between 1926 and 1935. The company found that both negative and positive editorials declined in the 1920s. Apparently no news was good news. After the stock market crash of 1929, however, negative editorials increased, but positive editorials increased even faster, perhaps indicating increased space-grabbing. Positive editorials began to decline in 1931 and negative editorials followed in 1933.¹⁰⁵⁹

The Illinois Bell Company also tracked favorable and unfavorable articles and editorials. The company categorized a “negative” article or editorial as anything with the slightest critique of the company. As the Depression began to deepen, Illinois editors increased their criticism of Illinois Bell but the negative articles and editorials declined in 1934, at a similar time as they did for the Northwest Bell Company.¹⁰⁶⁰

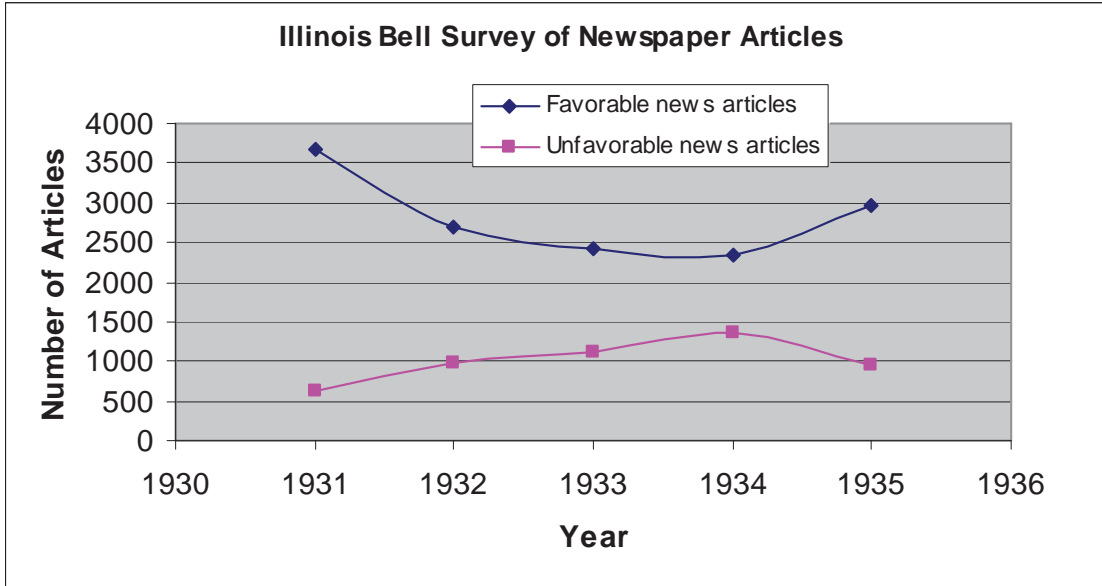


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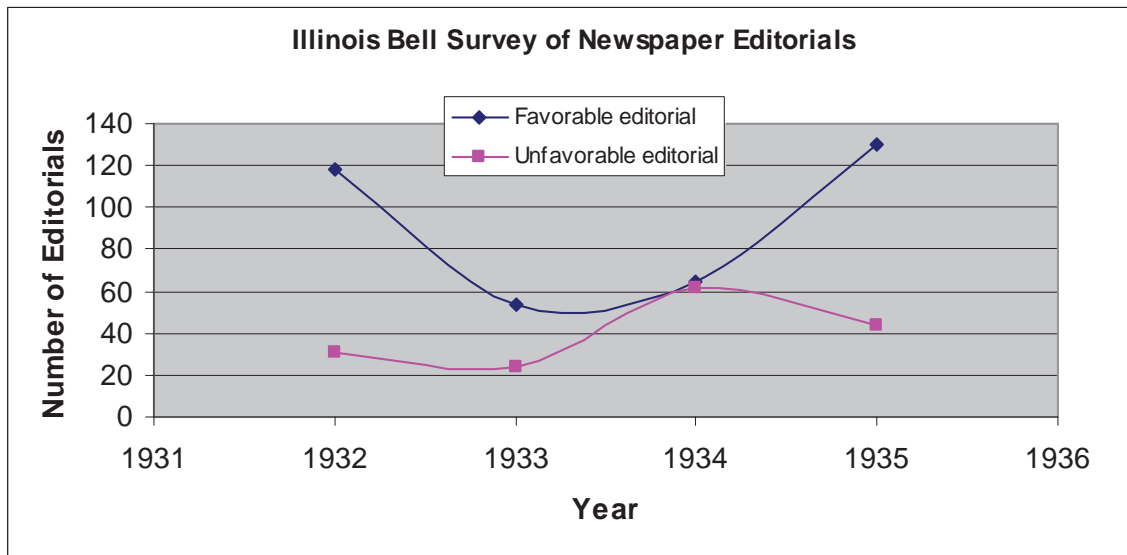
¹⁰⁵⁹ FCC, *Telephone Investigation* (1937), 4:37.

¹⁰⁶⁰ Federal Communications Commission, “Appendix 2: Survey of Published Newspaper Articles and Editorials, Illinois Bell Telephone Company 1931 to 1935, Inclusive,” in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹⁰⁶¹ FCC, *Telephone Investigation* (1937), 4:37.



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Morality of Space Grabbing

Most utility publicity directors could not see anything wrong with the massive amount of space grabbing in which they engaged. When an FTC investigator asked

¹⁰⁶² Federal Communications Commission, "Appendix 2: Survey of Published Newspaper Articles and Editorials, Illinois Bell Telephone Company 1931 to 1935, Inclusive," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹⁰⁶³ Federal Communications Commission, "Appendix 2: Survey of Published Newspaper Articles and Editorials, Illinois Bell Telephone Company 1931 to 1935, Inclusive," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

Samuel MacQuarrie of the New England committee if he would agree that: “when your local company advertises extensively in the newspapers and when the local manager has friendly relations through social clubs and field clubs with the editor of the paper, that things do get into the news columns because you want them there and not particularly because they have a great newspaper value?” “I think that they very often do,” MacQuarrie replied, “and I think it is a perfectly legitimate reason why they should go in.”¹⁰⁶⁴ Concealing the authorship of newspaper articles did not bother most publicity directors, or many editors.

When an FTC investigator asked Samuel Grant of the Texas committee if he would continue space grabbing Grant affirmed that he would. The investigator incredulously replied by asking: “anything to influence public opinion on economic questions—do you mean to get that printed in some way?” “Yes,” Grant replied. “And to utilize the same friendships and connections that you have used in the past for the same purpose?” the investigator inquired. “More of them,” Grant replied. Amazed by his unapologetic attitude, an FTC commissioner who was not leading the questioning broke in and asked: “Don’t you recognize any distinction between...the matter of advertising and propaganda? Speaking ethically now, can you not see a distinction in that?...Is not that going entirely beyond the business proprieties?” “Oh, I think not at all, Mr. Commissioner,” Grant replied.¹⁰⁶⁵

As can be seen from this exchanges, the definition of *propaganda* in the 1920s was not universally understood to be negative, as it is today. Before World War I, the term *propaganda* did not have a negative connotation. The word simply meant providing information or steering public opinion, which many, especially its practitioners, thought was an entirely legitimate task. The term suffered some loss of prestige during the war, partly because America’s own propagandists, such as George Creel, depicted German publicity as deceitful propaganda.¹⁰⁶⁶ Yet, even after the war, the term had not yet been fully besmirched. At that time, it was still possible to hear businessmen urge one another to produce corporate “propaganda.”¹⁰⁶⁷ In 1922, Walter Lippman asked “what is propaganda, if not the effort to alter the picture of which men respond, to substitute one social pattern for another?”¹⁰⁶⁸ In 1928, Edward Bernays, who described himself as a propagandist, wrote a book entitled *Propaganda*, believing that the term’s reputation could still be polished into usable form. For Bernays, as for Lippman and many others, propaganda was information provided to steer public opinion. This could be done deceptively or forthrightly, though both were called propaganda. As Jack Levin, a critic

¹⁰⁶⁴ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 170.

¹⁰⁶⁵ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 506-07.

¹⁰⁶⁶ Edward L. Bernays, *Biography of An Idea: Memoirs of Public Relations Counsel Edward L. Bernays* (New York: Simon and Schuster, 1965), 287-88; Mark Crispin Miller, introduction to *Propaganda* by Edward L. Bernays, (New York: Ig Publishing, 2005), 14-15.

¹⁰⁶⁷ Alan R. Raucher, *Public Relations and Business, 1900-1929* (Baltimore, Maryland: The Johns Hopkins University Press, 1968), 68.

¹⁰⁶⁸ Walter Lippman, *Public Opinion* (New York: MacMillan Company, 1922), 26.

of utility propaganda, wrote in 1931, “there are two kinds of private propaganda: revealed and concealed propaganda.”¹⁰⁶⁹

This dual classification of propaganda was widely subscribed to in the 1920s. After learning about the utilities’ actions through the FTC investigation, the managing editor of the *Chicago Tribune* used both definitions, arguing that the utilities had “overdone it with camouflaged propaganda,” when they should have conducted an “open and above board” public relations campaign against the “public ownership propaganda spread by groups of theorists among college professors.”¹⁰⁷⁰ It would therefore be imprecise to characterize the utilities’ newspaper articles propaganda, without also calling the utilities’ advertisements propaganda, since the term in the 1920s meant both deceptive and legitimate means of communication. The utilities’ press agency, textbook authoring, movie producing, and influencing of college faculty was “deceptive propaganda.”

Yet there was also a second, less widely accepted, definition of propaganda that defined it as anything false or un-American, in short, anything that smacked of socialism. Many utility publicists and their supporters subscribed to this definition. For them, the defining attribute of propaganda was not an attempt to steer public opinion, but untruth, which they defined as the supposedly false claim that municipal ownership of utilities was superior to corporate ownership. Socialist claims were therefore propaganda because they were false, according to corporate utility publicists. The utility publicists own material might be deceptive, but it was still not propaganda, because its arguments were truthful. This is how it was possible for William Grant of the Texas information committee to flatly deny that space-grabbing was propaganda and then, almost in the same breath, criticize the “extreme socialistic propaganda” which he claimed could be found in some school books.¹⁰⁷¹ This also explains how the superintendent of the Rochester, New York, public schools could claim that the textbooks subsidized by utilities and used in his school system did not contain any propaganda. What he meant was that the message in the books was not false.¹⁰⁷² It did not matter whether the information had been provided deceptively or not, it was true, American, and patriotic, and therefore not propaganda. This second definition of propaganda seems to have helped many utility publicists rationalize their actions.

Only John Sheridan in Missouri, the most zealous publicity director of them all, expressed doubts about the ethics of his actions. Sheridan first revealed his change of heart to his old friend, John Colton, who edited the American Electric Railway Association magazine in 1927. Sheridan wrote to Colton to congratulate him for resisting a plan made by utility executives in New York to label every advocate of municipal ownership a Bolshevik. In a letter to Colton, Sheridan fumed that “possession of property breeds liars and cowards. The man who invented private ownership was a moral enemy

¹⁰⁶⁹ Jack Levin, *Power Ethics: An Analysis of the Activities of Public Utilities in the United States, Based on a Study of the U.S. Federal Trade Commission Records* (New York: Alfred A. Knopf, 1931), 13-14.

¹⁰⁷⁰ Editor, *Daily Oklahoman* and *Oklahoma City Times*, “Customer Ownership,” *American Gas Association, Tenth Annual Convention, October 8-12, 1928* (New York: American Gas Association), 117.

¹⁰⁷¹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 4, Filed with the Secretary of the Senate, June 15, 1928* (Washington, DC: Government Printing Office, 1928), 506-08.

¹⁰⁷² “Underwrote Rochester Text Book,” *New York Times*, May 30, 1928, 21.

of the human race.” Colton confided in Sheridan that “the thing about the utility industry that disgusts me is the lying, trimming, faking, and downright evasion of trust, or violation of trust, that marks the progress toward enormous wealth of some of the so-called big men in the industry. When I see some of these fellows waving the flag, I am filled with not only disgust but rage, for they are anything but patriots.” Colton told Sheridan that he thought only ten percent of the industry’s activities were honest, though Sheridan thought it was a bit higher than that. Still, Sheridan did not like everything that was going on in the industry. “There were certain things about it that bothered me and that I did worry about,” Sheridan told an FTC examiner. After working for the utilities for five years, Sheridan was fed up. “To hell with them,” he wrote Colton in June of 1927. Three years later, after suffering from “nervous trouble,” Sheridan hanged himself in a Los Angeles hospital.¹⁰⁷³

Backfire

The strategy of space grabbing also had negative consequences for the utility industry in general. The strategy obviously backfired somewhat, since much of the evidence from this chapter comes from FTC and FCC investigations that revealed the strategy to the nation in the late-1920s and 1930s. Newspaper carried reports of the investigation while politicians in favor of hydro-electricity made sure to grab headlines. Senator George Norris, thundered before Congress in 1930 that the FTC investigation showed that utilities “had been deceiving and robbing the American people” and “had been engaged in politics from top to bottom in every state, dirty politics, disreputable politics, which ought to bring the blush of shame to every patriot.”¹⁰⁷⁴ During the Depression, the utilities disbanded most of their information committees. After the FTC investigation, executives found them more valuable dead than alive.¹⁰⁷⁵

The response to these investigations from the general public, however, was muted. Most Americans simply shrugged. A 1938 textbook on public relations authored by *Business Week* praised the Bell System for being “an outstanding example of long range public relations,” and observed that “confidence in the Bell System is so universal that the Federal Communications Commission couldn’t make up its mind after its three-year investigation of the company.”¹⁰⁷⁶ A history committee at Illinois Bell looked back at the investigations from the 1950s and observed that “strangely enough, the most

¹⁰⁷³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 76-78, xiii; Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931), 247; “Veteran Writer on Sports Hangs Self,” *Los Angeles Times*, April 16, 1930, 22. This article specifically identifies Sheridan as the former director of the Missouri Committee on Public Utility Information. He had been suffering from “nervous trouble.”

¹⁰⁷⁴ W. C. Mullendore, vice president, Southern California Edison Company, *The Power Industry and Political Sabotage*, 5-6, reprint from speech at Pacific Coast Electrical Association, February 5, 1931, Box 449, Folder 7, SCE Records.

¹⁰⁷⁵ Martin J. Insull, President, Middle West Utilities Company, *Public Contracts*, 7, reprint of speech delivered at the award ceremony for winners of Employees’ Public Speaking Contest, National Electric Light Association, June 10, 1931, Box 449, Folder 7, SCE Records; Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 402, xxxv.

¹⁰⁷⁶ *Business Week*, *Public Relations for Industry: A presentation of the Imperative Need of Mutual Understanding in the Conduct of our Daily Work* (New York, McGraw-Hill, October, 1938), Box 449, Folder 7, SCE Records.

expensive and exhaustive investigation of a private industry in American history had brought increased respect and good will to the Bell System.”¹⁰⁷⁷

Although disbanding their information committees, utility executives did not go into hiding. Some became more outspoken, since they no longer publicity agents to do the talking. Many executives tried to turn the tables on their critics by claiming that any criticism against corporations was an attack against the republic itself. In 1931, Martin Insull implored executives not to sit around “pussyfooting while those who would upset those national polices that have built the nation, are, by their very aggressiveness against us, making breaches in the ranks of our defense.” Referring to the demise of the information committees and their directors, Martin Insull then misquoted Marshal Foch at the Battle of the Marne, “My right has crumpled, my left is in retreat, I am attacking with my center.”¹⁰⁷⁸ These histrionics were matched in the same year by W.C. Mullendore, the vice-president of the Southern California Edison Company, who called out Norris and Carl D. Thompson for their “onslaught upon American industry and American institutions.” In an address before executives on the West Coast, Mullendore declared that “we must become crusaders” and bellowed that “our cause is the cause of American institutions—a struggle for the birthright of all our people.”¹⁰⁷⁹ The utilities were regrouping, their vigorous attack against the New Deal electricity projects would soon follow.

¹⁰⁷⁷ Ralph L. Mahon, “The Telephone in Chicago, 1877-1940,” typescript, 123, AT&T-TX.

¹⁰⁷⁸ Martin J. Insull, President, Middle West Utilities Company, *Public Contracts*, 6-7, reprint of speech delivered at the award ceremony for winners of Employees’ Public Speaking Contest, National Electric Light Association, June 10, 1931, Box 449, Folder 7, SCE Records.

¹⁰⁷⁹ W. C. Mullendore, vice president, Southern California Edison Company, *The Power Industry and Political Sabotage*, 14, reprint from speech at Pacific Coast Electrical Association, February 5, 1931, Box 449, Folder 7, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

Chapter Six: Subversion of the Public Sphere

Introduction

On April 8, 1925, a hand-picked committee of utility managers met in Louisville, Kentucky, to discuss ways to rid American classrooms of textbooks critical of corporate utilities. Every utility industry in the country appointed a representative to the committee. The National Electric Light Association (NELA) sent Fred Jenkins of the Chicago Central Station Institute; the American Gas Association sent its vice president, Bernard Mullaney, who was also a close associate of Samuel Insull; AT&T sent J.L. Spellman, a publicity manager for Illinois Bell; and the American Electric Railway Association appointed Edward Dana of the Boston Elevated Railway Company, though Dana could not attend the meeting. The committee members shared the same goal of eliminating offensive textbooks from classrooms and agreed on what constituted offensive material, but they could not agree on the right way to carry out the task. Jenkins wanted face-to-face meetings with publishers, while Spellman counseled caution. In the end, Jenkins' suggestion carried the day and as the meeting adjourned the committee agreed to confront publishers, point out their errors, and suggest that they re-write their books or face the combined opposition of all four utility industries.¹⁰⁸⁰

A few days after the meeting, while at an athletic club in Chicago, Jenkins ran into his old acquaintance, O.J. Laylander, who happened to be an executive at one of the largest textbook publishers in the country. Having just decided to confront publishers about their textbooks, Jenkins recognized the encounter as serendipitous. Laylander's firm, Ginn & Company, published the nation's best-selling civics textbook, *Community Life and Civic Problems*, which severely criticized corporate utilities. Perkins desperately wanted to remove the text from before the eyes of impressionable school children.¹⁰⁸¹ The book's chapter on utilities related a sordid history of stock-watering, city council bribery, rate-gouging, and 99-year franchise permits, with specific examples taken from Chicago and Toledo. The book even noted that utilities had "at times... misled public opinion by controlling the newspapers through their advertising." The text went on to state that such abuses had "caused many people to become advocates of government ownership." Under government ownership in Europe, the book explained, "rates are lower, services are better, and politics are purer than under private ownership." The chapter ended with an assignment: "Give three arguments for government ownership of street railway lines; three against it. Which do you favor?"¹⁰⁸² At least one hundred thousand copies of the book had been sold each year since it was published in 1922, buoyed by the fact that its author, Howard Copeland Hill, headed the Social Sciences

¹⁰⁸⁰ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 4, Filed with the Secretary of the Senate, June 15, 1928 (hereafter FTC Letter No. 4 (1928))*, 615-617, 624; Federal Communications Commission, *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress) (June 15, 1937) (hereafter FCC, Telephone Investigation (1937))*, 4:131.

¹⁰⁸¹ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4 (1928)*, 618, 620, 632, lviii.

¹⁰⁸² Howard C. Hill, *Community Life and Civic Problems* (New York: Ginn and Company, 1922), 410.

Department at the University of Chicago Laboratory School, an institution founded by John Dewey.¹⁰⁸³

During his conversation with Laylander, Jenkins recognized his opportunity and asked his acquaintance for a bit of professional advice: “Assuming that you were in a business about which the publishers published a considerable number of textbooks which contained incomplete, inaccurate information,” Jenkins asked, “what means would you take, or what would you do about it?” “You certainly should go to the publishers and tell them about it,” Laylander assured Perkins. The reply put Laylander in an awkward position when he learned that the publisher in question was himself. Exactly one month after the textbook committee agreed to confront publishers, Perkins and Mullaney were sitting down with Laylander and another executive at Ginn & Company to review the accuracy of *Community Life and Civic Problems*.¹⁰⁸⁴

Before the meeting occurred, however, Spellman and AT&T resigned from the textbook committee. Although Spellman reported to AT&T vice-president J.D. Ellsworth that Ginn & Company executives were “quite anxious and willing to have the material complained of corrected,” both he and AT&T vice-president Ellsworth had serious reservations about the whole enterprise.¹⁰⁸⁵ They believed the effort could easily backfire. Spellman wrote Ellsworth in March of 1925 that, “in my opinion, this whole matter is full of dynamite. Unless it is handled tactfully and intelligently, considerable trouble is bound to result.” Instead of bowing to the utilities demands, Spellman thought, Hill and his publisher might go public with the utilities demands, and if that happened, Spellman wrote, AT&T would be “open to a charge of seeking to control the material used in the schools.”¹⁰⁸⁶ Although no longer a member of the joint textbook committee, AT&T continued to monitor textbooks and contact publishers and authors, though not in conjunction with other utilities.¹⁰⁸⁷

During the meeting with the remainder of the textbook committee, executives at Ginn & Company promised to submit future editions of Hill’s book to Jenkins, not only to improve the book’s accuracy, but because it would be “a good business proposition for them.”¹⁰⁸⁸ After the meeting, Jenkins reported to the director of National Electric Light Association, Merlin Aylesworth, that the utilities had made a “good start” and that “after the large publishers were straightened out and were working with you [the utilities] the smaller publishers would naturally fall into line.”¹⁰⁸⁹ Jenkins also informed the director of

¹⁰⁸³ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 629, 632, 620.

¹⁰⁸⁴ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 618-20.

¹⁰⁸⁵ *FCC, Telephone Investigation* (1937), 4:131.

¹⁰⁸⁶ Spellman may have been overly cautious. According to Upton Sinclair, Ginn and Company was not an excessively principled company and used to politicking and offering kickbacks to get their books into schools. Upton Sinclair, *The Goslings: A Study of the American Schools* (Pasadena: Upton Sinclair, 1924), 321-22; *FCC, Telephone Investigation* (1937), 4:129-130.

¹⁰⁸⁷ *FCC, Telephone Investigation* (1937), 4:132-33.

¹⁰⁸⁸ This is the FTC examiner’s paraphrasing of the minutes of the meeting. Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 625.

¹⁰⁸⁹ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 626.

the Missouri publicity committee, John Sheridan, about the outcome of the meeting but cautioned him to keep it a secret since “it might embarrass the publishers.”¹⁰⁹⁰

There was good reason for Ginn & Company’s cooperation. Over the previous several years, utility executives across the country had already spearhead the effort to purge every negative reference to corporate utilities from textbooks at the state level. Utility managers had surveyed textbooks on economics, civics, and government, identified offending passages, and determined where those books were being used. Manager then pressured school boards, parent-teacher associations, principals, and teachers to remove the books from classrooms. In addition, utilities authored their own textbooks and offered them for free to any teacher or principal who wanted them.

In Iowa, the state’s utility publicity committee sent high school principals a copy of a utility-authored booklet, along with a letter asking them to review the text and order free copies for their school. Principals who did not order copies received a personal visit from a local utility manager to find out why not. The Iowa committee also offered its booklet to teachers and kept a list of which teachers ordered them, and which did not. Those teachers who failed to place an order also received a personal visit from a local utility manager. By 1927, over 20,000 copies of the booklet were being sent out on a bi-weekly basis.¹⁰⁹¹

The activities of the Iowa committee were not unusual. Utility managers in Missouri had been employing similar tactics since at least 1922. The Missouri publicity committee also paid a college professor from St. Louis to write a form letter to principals and teachers promoting the utilities’ educational materials.¹⁰⁹²

In Kansas, the state publicity committee copied a textbook written by the Illinois publicity committee, had the book endorsed by the Kansas Teachers Association and the state Superintendent of Instruction, printed these endorsements in the book, and then advertised the book in the *Kansas Teacher*. Thousands of copies went out to schoolchildren throughout the state.¹⁰⁹³ Similar activities occurred in other states.¹⁰⁹⁴

These personal lobbying techniques and free book offers were no match for Ginn & Company, which sought to sell books, so the company decided to cooperate. Initially, Jenkins and Mullaney wanted Ginn & Company, and other publishers, to serve as intermediaries between utility representatives and textbook authors so the utilities could operate behind the scenes. But Jenkins and Mullaney soon got over their timidity. By their second meeting with Ginn & Company executives in December of 1925, the publishers dragged Hill to the meeting to sit face to face with his antagonists. He didn’t say much.¹⁰⁹⁵ By 1928, however, when Hill was working on a new edition of his book, he

¹⁰⁹⁰ Jenkins words during the FTC examination. Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 625.

¹⁰⁹¹ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 11-12.

¹⁰⁹² Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 147, 52-53.

¹⁰⁹³ Examination of H. Lee Jones, Information Bureau of Kansas Public Service Companies, Secretary, Kansas Section, NELA, transcribed in *FTC Letter No. 5* (1928), 265-66.

¹⁰⁹⁴ Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 398.

¹⁰⁹⁵ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 620.

submitted drafts of the manuscript to Jenkins and Mullaney, who edited them and sent him back their own suggestions for material to be included.¹⁰⁹⁶

When Hill's re-titled *Vocational Civics* was published, all mention of bribery and stock watering by utilities had been eliminated, though Hill did slip in one mention of a questionable campaign contribution. Instead of discussing local government corruption and eternal monopoly bills, Hill's new book contained a section that informed students that corporate utilities were regulated by the government in every state except one. And rather than asking students at the end of the chapter to debate public vs. private ownership, students were asked to define a natural monopoly, name some in their own community, and "tell who owns and controls them," an assignment nearly identical to one written by the utilities. That text taught students that corporate utilities were "not owned by those employed to manage them, but by thousands of thrifty investors who have bought securities with their savings."¹⁰⁹⁷ Customer stock ownership paid dividends, the revised textbooks emphasized. As the utility companies understood and demonstrated, so did pressuring publishers.

Entering the Schools

The purpose of controlling the content of textbooks was to "fix the truth about the utilities in the young person's mind before incorrect notions become fixed there," Bernard Mullaney explained in a memo to executives in the early-1920s.¹⁰⁹⁸ This was necessary, Mullaney added, because "the prospect of the privately-owned public utilities having in 20,000,000 children in the United States, 20,000,000 future citizens prejudiced against them, is appalling."¹⁰⁹⁹ Mullaney's long-range view was widely shared by utility executives. A Pacific Telephone & Telegraph executive informed managers that "the schoolchildren of today will become our customers of tomorrow," which made it "advantageous" to educate them now about the telephone.¹¹⁰⁰ When a Federal Trade Commission (FTC) examiner asked Thorne Browne of the Nebraska committee why he was meddling in the education of students, Browne's response summarized the thinking of the entire corporate utility industry: "They are the next voters," Browne simply

¹⁰⁹⁶ Examination of Fred R. Jenkins, Textbook Committee member, National Electric Light Association, in *FTC Letter No. 4* (1928), 634.

¹⁰⁹⁷ Howard C. Hill, *Vocational Civics* (New York: Ginn and Company, 1928), 121-25; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 178. Customer stock ownership paid dividends, even in the schools, and so did the strategy of pressuring textbook publishers.

¹⁰⁹⁸ This is an FTC examiner's quotation. It is likely that the examiner was directly quoting from a document in his hand, but because the court reporter transcribed the testimony from spoken statements, the transcriber did not use quotation marks. Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 78.

¹⁰⁹⁹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 58.

¹¹⁰⁰ "Public Relations and Publicity: A Reading Assignment," 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 14, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T Archives and History Center, San Antonio, Texas. (hereafter AT&T Archives-TX).

replied.¹¹⁰¹ With this view of the future in mind, utility executives set out to control the educational materials used in schools.

When writing their own textbooks, utilities made sure the books could be used in a wide range of grade levels and classes. Utility authors created books and pamphlets for economics, physics, government, English, and current topics, as well as the new civics classes that had recently been added to school curriculums in the 1890s.¹¹⁰² These texts also covered all four major utility industries, including streetcars, gas, electricity, and telephones, and sometimes appeared in four-volume sets so students could study the industries individually, or in succession. Utilities then offered these books to both public and private middle schools, high schools, and vocational schools.¹¹⁰³

For overworked, underpaid, and under-trained teachers, the offer of free books and lesson plans proved compelling.¹¹⁰⁴ In many cases, the utilities did not even bother with personal visits because the teachers requested the material themselves. In Texas, teachers ordered nearly all the pamphlets available so managers saw no need to make personal visits. In 1927, teachers from 350 high schools in Texas ordered 80,000 booklets, including 6,000 copies ordered by San Antonio teachers alone.¹¹⁰⁵ In 1926 in New England, managers sent textbook samples to 900 public and private schools in five states and 289 of those schools requested additional copies. The New England publicity committee ended up sending out 62,000 copies of textbooks.¹¹⁰⁶ In Illinois in 1927, Mullaney's office had to print over 65,000 pamphlets just to keep up with orders from

¹¹⁰¹ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 73.

¹¹⁰² Rocky Mountain Committee on Public Utility Information, "Public Utility Service, 1927, The Telephone, Its History and Methods of Operation: For Use of School Students, English and Current Topics Classes, and Debating Clubs," 12, Box 485, Folder 1, SCE Records; *FTC Letter No. 2* (1928), 84, xi; Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 11; Examination of H. Lee Jones, Information Bureau of Kansas Public Service Companies, Secretary, Kansas Section, NELA, transcribed in *FTC Letter No. 5* (1928), 265; Robert S. and Helen Merrell Lynd, *Middletown: A Study in Contemporary American Culture* (New York: Harcourt, Brace and Company, 1929), 189, 198-99.

¹¹⁰³ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 165; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 47; Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 462.

¹¹⁰⁴ Edward A. Krug, *The Shaping of the American High School, vol. 2, 1920-1941* (Madison: The University of Wisconsin Press, 1972), 148, 156-63; see also the Lynd's description of typical teachers in Muncie, Indiana in the 1920s; Robert S. and Helen Merrell Lynd, *Middletown: A Study in Contemporary American Culture* (New York: Harcourt, Brace and Company, 1929), 206-07.

¹¹⁰⁵ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 462.

¹¹⁰⁶ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 176.

teachers.¹¹⁰⁷ In addition, Illinois high schools received copies of clip-sheets produced by the utilities and speeches, such as Mullaney's "Do You Want the Government in Your Business?"¹¹⁰⁸ Over 20,000 students and teachers from all over the country received *Fundamentals of Electric Railways* in 1928, courtesy of the American Electric Railway Association.¹¹⁰⁹

The finding that teachers, principals, and superintendents readily cooperated with utility managers to provide business-friendly instruction supports key aspects of the historiography of public schooling during this period. As historians of education have shown, in city after city during the Progressive Era, coalitions of businesspeople, professionals, and politicians centralized the control of school boards in the hands of a few educational experts. As a result, the educational interests of business became much more prominent in the classroom and students began receiving instruction in the vocational skills that employers sought in future employees. "Useless" subjects, such as Latin, fell by the wayside, while subjects such as English and history shifted their focus from the creation and interpretation of texts to the teaching of basic grammar. Arithmetic and other skills needed in business received the more attention. Because of this, utilities managers did not usually have to force their materials upon schools so much as provide these materials as a welcomed favor.

The debate among educational historians today is not whether these changes occurred, but whether they represented a capitalist putsch on public schools, as the revisionist historians argue, or whether working-class parents and their unions also advocated these vocational curriculums, as the progressive historians argue. The finding that utility companies thoroughly influenced classroom instruction gives credence to the revisionist interpretation, while leaving open the possibility that labor did not object to these changes.¹¹¹⁰

Yet even the revisionist, who have been keen to identify examples of corporate influence in the classroom have almost entirely overlooked the influence of utilities in the 1920s. Historians have noted how executives and industry groups have tried to influence school curriculums, but the examples of this have often been vague and the effectiveness of these efforts has usually been unknown. It is well known that companies wanted

¹¹⁰⁷ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 81.

¹¹⁰⁸ Examination of Clarence G. Willard, Secretary, Connecticut Committee on Public Service Information, in *FTC Letter No. 3* (1928), 245; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 180.

¹¹⁰⁹ "Appendix E – Report of Committee on Publicity," *Proceedings of the American Electric Railway Association*, 1928 (New York: American Electric Railway Association), 172.

¹¹¹⁰ Ira Katznelson and Margaret Weir, *Schooling for All: Class, Race, and the Decline of the Democratic Ideal* (Berkeley: University of California Press, 1985), 19, 25-26, 86, 89; Samuel Bowles and Herbert Gintis, *Schooling in Capitalist America: Educational Reform and the Contradictions of Economic Life* (New York: Basic Books, 1976), 179-181, 186-187; Joel Spring, *Education and the Rise of the Corporate State* (Boston: Beacon Press, 1972), 84-87; Thomas Timar and David Tyack, *The Invisible Hand of Ideology: Perspectives from the History of School Governance* (Denver: Education Commission of the States, 1999), 7, 16; Edward A. Krug, *The Shaping of the American High School, vol. 2, 1920-1941* (Madison: The University of Wisconsin Press, 1972), 18-19, 30, 68-69, 82.

students to acquire business skill. Yet utilities wanted schools to produce, not just well-trained future employees, but pro-business, anti-socialist, Americans. Utilities also extended their influence across the country, even down to small school districts and individual teachers, in ways that other industries are not been known to have done.¹¹¹¹ In terms of both geographic reach and curricular scope, utilities in the 1920s probably exercised the most extensive degree of corporate influence ever in the history of American public education.

By inundating school systems with free literature, the utilities reached an exceptionally high percentage of the student population in the United States. In Illinois in 1928, over three-quarters of the high schools used educational material created by the utilities industry.¹¹¹² In Connecticut, the *Connecticut Public Utility Catechism* indoctrinated seventy-six percent of high school students with utility dogma.¹¹¹³ And in Missouri, a staggering ninety-seven percent of the total number of enrolled students, or 88,453 pupils, received instruction from material authored by corporate utilities.¹¹¹⁴

The educational value of much of the material was dubious. Much of it contained inaccurate or misleading statements. When the Kansas utility information committee tried to have its textbook endorsed by the dean of engineering at the University of Kansas, he replied that the text was too one-sided and its claims “extravagant.” Thirteen thousand copies went out to schoolchildren anyway.¹¹¹⁵ The authors of the *Connecticut Public Utility Catechism* claimed that the cost of living in cities with municipally owned power plants was higher than in cities with privately owned plants and cited the Industrial Conference Board, but the Industrial Conference Board had made no such claim. Dozens of high schools in the state received the *Catechism*.¹¹¹⁶

The titles of utility-authored textbooks often indicated their meager educational value. The *Connecticut Public Utility Catechism*, for example, indoctrinated students. The Colorado publicity committee issued *The Romance of Gas* and *The Romance of the Kilowatt*.¹¹¹⁷ A popular school textbook produced by the Missouri publicity committee

¹¹¹¹ Spring, *Education and the Rise of the Corporate State*, 2, 30-31, 35, 37-38, 42, 108, 118, 121; Timar and Tyack, *The Invisible Hand of Ideology*, 16-17; Jonathan Zimmerman, *Whose America? Culture Wars in the Public Schools* (New York: Basic Books, 2002), 32-106; those observers who have picked up pieces of the utility story were the most politically motivated, including Upton Sinclair, *The Goslings: A Study of the American Schools* (Pasadena: Upton Sinclair, 1924), 109, 321-22, 418-19 and Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: Vanguard Press, 1931), 18-27; Carl D. Thompson, *Confessions of the Power Trust: A Summary of the Testimony Given in the Hearings of the Federal Trade Commission on Utility Corporations Pursuant to Resolution no.83 of the United States Senate Approved February 15, 1928* (New York: E.P. Dutton & Co, 1932), 330-392.

¹¹¹² Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 78.

¹¹¹³ Examination of Clarence G. Willard, Secretary, Connecticut Committee on Public Service Information, in *FTC Letter No. 3* (1928), 252.

¹¹¹⁴ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 47.

¹¹¹⁵ Examination of H. Lee Jones, Information Bureau of Kansas Public Service Companies, Secretary, Kansas Section, NELA, transcribed in *FTC Letter No. 5* (1928), 265-66.

¹¹¹⁶ Examination of Clarence G. Willard, Secretary, Connecticut Committee on Public Service Information, in *FTC Letter No. 3* (1928), 251.

¹¹¹⁷ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 347.

was entitled *A Half-Century Miracle*. A text authored by AT&T was called *The Magic of Communication*. The cover featured an illustration of hundreds of pointed-eared “imps”—apparently representing sound—running in and out of a telephone ear- and mouth-piece, a favorite trope of AT&T artists at the time. Despite the cover, the text still tried to discuss science but it also contained subtle advertising and arguments against government ownership. A chart in the book showed the number of telephones in the United States under private operation and compared this to the number of phones in Europe under government operation. Another page showed a commercial office “where courteous attendants receive applications for telephones, and where telephone bills are paid.”¹¹¹⁸ The book also instructed students to call the doctor if someone was sick and to call the fire department if a building was on fire. Copies of the booklet were available to general customers, but a Pacific Telephone & Telegraph manager stated that the company “aimed particularly at their distribution in the schools...where it will be appreciated.” Indeed, teachers requested copies.¹¹¹⁹ On the back cover of a popular 1927 booklet entitled *Telephone, Its History and Methods of Operation*, students learned “How to Use the Telephone,” with tips such as “when receiving a call...answer your telephone promptly and pleasantly...Give the person calling your uninterrupted attention...Be as courteous ‘voice to voice’ as you would be ‘face to face’...when you have finished your conversation, say, ‘Goodbye,’ or ‘Thank you.’”¹¹²⁰ Another booklet, entitled *Electricity—How it is Made and Distributed*, contained a subsection called “Your ‘Thirty Slaves,’” which stated that, according to the Smithsonian Institution, electric machinery provides everyone in the country the work “equivalent of 30 slaves” so that “the average family of 5 has 150 slaves working for it.”¹¹²¹ The text was distributed by NELA to schools nationwide beginning in 1927 and intended for English and current topics classes, as well as debate teams.¹¹²²

Utility catechisms, romances, miracles, and magic may not seem to today’s readers to be appropriate content for public-school instruction, but they did not appear that way to many educators and policy makers in the 1920s. If anything, the civics, science, and economics materials produced by utilities fit well into the growing call for

¹¹¹⁸ John Mills, *The Magic of Communication: A Tell-You-How Story*, [1922?], 19, Box 4; Record Group No. 6: Publications; Collection No. 6: AT&T Corp.; AT&T-TX.

¹¹¹⁹ Pacific Telephone and Telegraph Company, *Publicity and Advertising*, May 1924, 5-6, File: Publicity Folder, 1916-1929, Box 56: Presidential Office Files, Record Group No. 5, Pacific Telephone & Telegraph, Collection No. 3, AT&T-TX.

¹¹²⁰ Rocky Mountain Committee on Public Utility Information, “Public Utility Service, 1927, The Telephone, Its History and Methods of Operation: For Use of School Students, English and Current Topics Classes, and Debating Clubs,” 12, Box 485, Folder 1, SCE Records.

¹¹²¹ Comparing the work of electricity to slaves was common, but the conversions were usually higher than 30 slaves per person. See, Harry L. Brown, “Electric Power Gives Each American 900 Slaves,” *Public Service Management*, December 1927, 217; Hon. Albert C. Ritchie, the Governor of Maryland, also cited 900 slaves in “Electricity in Politics,” *Proceedings of the Fiftieth Convention of the National Electric Light Association*, Commercial National Session (New York: National Electric Light Association, 1927) (hereafter *NELA Proceedings (1927)*), 187.

¹¹²² Statement of Bernard F. Weadock, Counsel, Joint Committee, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 19, Filed with the Secretary of the Senate, May 12, 1930* (1930), 12; *FTC Letter No. 18 & 190* (1930), insert between 218 and 219; *FTC Letter No. 2* (1928), 84, xi.

vocational, rather than liberal, education in schools.¹¹²³ In 1928, the superintendent of the Rochester, New York school system told the FTC that *The Story of Public Utilities* contained no propaganda after it was revealed that New York utilities contributed \$15,000 to publish copies for Rochester school children.¹¹²⁴ In 1920, the governor of Missouri declared that it was a good thing for citizens to “be educated up to the necessity for public utilities” in order to “do away with some of these little pusillanimous kicks that are made every once in a while without cause.” The *St. Louis Globe Democrat* agreed, observing that the people “know nothing” about public utilities so “surely a little education, as Governor Baker suggests, will not be out of place.”¹¹²⁵

Not all educators agreed with these sentiments, however, and the National Education Association formed a Committee on Propaganda in the Schools to investigate the remarkable openness of school curriculums to corporate tampering. The committee included college presidents, deans, and high school superintendents from all over the country. Their 1929 report found that only four of thirty-seven states responding to their survey had laws against “propaganda or outside materials in the schools” and just five of thirty-three school boards had rules against using corporate material. When the education committee asked superintendents if they “frequently receive requests to endorse commercial or propaganda material for use in the schools,” over eighty percent said they did.¹¹²⁶ In the 1920s, schools were wide open to corporate influence and corporate utilities took full advantage of it.

The Committee on Propaganda in the Schools did not view this as a good thing. The committee’s report noted that a functioning democracy required citizens who could gather evidence and weigh arguments, but noted that, since “the propagandist’s mind is made up on a particular subject, he merely seeks to inculcate one viewpoint.” Furthermore, the propagandist’s material was aimed at children who did not have a choice about attending school and did not have the same discernment as adults. “An adult is not compelled to read advertisements,” the report read, but “the child is required by law to attend school, has little choice as to what he will study or do in school, and therefore, must accept the instruction offered.”¹¹²⁷

Yet many educators did not see any problem with corporate texts in classrooms. Some “typical comments” made by teachers regarding corporate material in the schools included: “much advertising is simply a matter of useful information, which makes a decided contribution to the general welfare of the child,” “I am glad to let pupils secure useful facts regardless of who publishes them,” and, “no danger in commodity advertising. We do need to be wary about propaganda in the field of ideas.”

Others were less welcoming to corporate influence, however. Several teachers made statements such as: “safer to be obstinate in this respect” and “it is too hard to draw

¹¹²³ Katznelson and Weir, *Schooling for All*, 25-26; Timar and Tyack, *The Invisible Hand of Ideology*, 16-17; Richard Hofstadter, *Anti-intellectualism in American Life* (New York: Alfred A. Knopf, 1963), 328-29, 333-35; Krug, *The Shaping of the American High School*, vol. 2, 1920-1941, 18-19, 30, 82.

¹¹²⁴ “Underwrote Rochester Text Book,” *New York Times*, May 30, 1928, 21.

¹¹²⁵ “Missouri Governor Wants Utilities Studied in Schools,” *PG&E Progress*, August 1928, 4.

¹¹²⁶ “Report of the Committee on Propaganda in the Schools,” presented at the Atlanta meeting of the National Educational Association, July 1929, in *FTC Letter No. 18 & 190* (1930), 230.

¹¹²⁷ “Report of the Committee on Propaganda in the Schools,” presented at the Atlanta meeting of the National Educational Association, July 1929, in *FTC Letter No. 18 & 190* (1930), 225, 227.

the line—better not admit any.”¹¹²⁸ A few administrators even took action. In 1934, the director of the department of education in Ohio, warned his superintendents and principals about “ill-advised, promiscuous use of advertising, or propaganda...distributed ‘gratis’ to the schools,” and asked his teachers to reject these offers.¹¹²⁹ Some educators blamed the economic downturn of the 1930s on business and expressed this anti-business view in textbooks. As Elizabeth Fones-Wolf has shown, these writing led to a renewed focus on school textbooks in the 1940s from a wide range of business sectors, not just corporate monopolies. By the 1950s, dozens of big businesses and industry associations practiced the strategies that utility executives had pioneered, including textbook surveys, the insinuation that some textbooks taught communism, and the publication and distribution of free textbooks, lesson plans, and movies.¹¹³⁰

This evidence suggests that the openness of schools to free corporate material declined somewhat in the 1930s, but by that point utilities had educated nearly an entire generation. Schooling during the Progressive Era had been made compulsory in nearly all states through at least age sixteen, which resulted in a massive influx of high school students.¹¹³¹ This strained the ability of school systems to educate pupils, diluted academic standards, and increased the reliance of teachers on outside material. Mandatory schooling was partly brought about to eliminate child labor, and partly because corporations wanted better-trained employees.¹¹³² Progressive Era reforms also centralized school district decision-making in the hands of a few educational experts who often sympathized with the views of business executives rather than those of working-class parents.¹¹³³ Stephen H. Norwood has argued in *Labor’s Flaming Youth* that the discipline received by students in high schools prepared them for the harsh working conditions within Bell telephone exchanges.¹¹³⁴ As David F. Noble has argued in *American By Design*, technical corporations lobbied for the development of engineering and science departments at universities and then captured those programs in order to provide free technical training for future corporate employees.¹¹³⁵ In the case of educational content produced by utilities, however, executives in the 1920s wanted to shape the ideas presented to students, whether or not those students went on to work for the utilities. Utility executives wanted, not only good corporate employees, but also good corporate citizens.

At least to some extent, all four major utility industries organized together to achieve this goal. By 1927, the utilities collectively maintained a national education

¹¹²⁸ “Report of the Committee on Propaganda in the Schools,” presented at the Atlanta meeting of the National Educational Association, July 1929, in *FTC Letter No. 18 & 190* (1930), 233.

¹¹²⁹ *FCC, Telephone Investigation* (1937), 4:155-56.

¹¹³⁰ Elizabeth A. Fones-Wolf, “Educating for Capitalism: Business and the Schools,” in *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-1960* (Urbana, IL: University of Illinois Press, 1994), 189-217.

¹¹³¹ Richard Hofstadter and C. DeWitt Hardy, *The Development and Scope of Higher Education in the United States* (New York: Columbia University Press, 1952), 31; Krug, *The Shaping of the American High School*, vol. 2, 1920-1941, 42-47.

¹¹³² Hofstadter, *Anti-intellectualism in American Life*, 326, 335.

¹¹³³ Fones-Wolf, *Selling Free Enterprise*, 190.

¹¹³⁴ Stephen H. Norwood, *Labor’s Flaming Youth: Telephone Operators and Worker Militancy, 1878-1923* (Urbana, IL: University of Illinois Press, 1990), 12

¹¹³⁵ David F. Noble, *America by Design: Science, Technology and the Rise of Corporate Capitalism* (New York: Oxford University Press, 1977).

committee, which monitored school textbooks, authored new ones, and tried to place them in the schools.¹¹³⁶ The national education committee helped coordinated these efforts among the various industries, state publicity committees, and companies.¹¹³⁷ The three major industry associations serving the streetcar, gas, and electricity industries also supported education committees that frequently included speeches from other utility employees. AT&T also held education conferences that included representatives from other industries.¹¹³⁸ Much of the publication work carried out by utilities was also jointly funded by state information committees. This funding agreement made sense because the material these committees produced covered all four industries.

To promote the use of utility-authored textbooks, utilities softened the ground using space-grabbing and other publicity methods. In California, the advertising firm, Johnston-Ayres, placed ads in *Parent-Teacher*, the official organ of the California Congress of Parents and Teachers. The ads appeared in the same issue as an article in the journal by a utility executive.¹¹³⁹ In other cases, the magazines came to corporate utilities and asked how they could help. In May of 1925, the editor of the *Missouri School Journal*, an independent teaching publication, came to John Sheridan of the Missouri Committee to find out how the journal might serve the utilities. The November 1925 issue of journal featured an article written by a utility executive bashing the textbooks currently in use in Missouri classrooms, along with advertisements from at least six electric, gas, and telephone utilities, some of them full-page.¹¹⁴⁰ On the national level, *Forbes Magazine* did its part with the alarmist article published in the October 1, 1927 issue, entitled “Is Your Public School Teaching Public Utilities?” Not surprisingly, Forbes was a major investor in utility securities.¹¹⁴¹

Rewriting History

In their books and pamphlets, utility authors frequently provided a historical narrative regarding the development of utility infrastructure and it was in this narrative that the authors made their anti-government-ownership argument. Utility authors often cast the invention and development of utility technology in terms of individual genius, initiative, and the desire to serve. In Texas, the book *History and Development of the Gas Industry* stated that “were it not for the initiative, daring, and constructive effort of the man with the ideas who carries it to success, the company that furnishes service would

¹¹³⁶ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 508.

¹¹³⁷ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 508.

¹¹³⁸ Fred R. Jenkins, “Report of Committee on Education,” *NELA Proceedings* (1920), 248; F.C. Weber, “Cooperation with Educational Institutions,” *American Gas Association, Fourth Annual Convention, October 23-28, 1922* (New York, American Gas Association), 48; “Report of the Committee on Education,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 279; “Opening of Conference: Talk by Mr. Gifford,” in *Bell System Educational Conference, 195 Broadway, New York City, August 18-23, 1924*, 4, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings’ Collection No. 6: AT&T Corp.; AT&T-TX.

¹¹³⁹ Examination of Victor W. Hartley, Executive Secretary, California Electrical Bureau, in *FTC Letter No. 12* (1929), vii.

¹¹⁴⁰ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 140-42, xxii.

¹¹⁴¹ *FTC Letter No. 2* (1928), xxvii.

not come into existence.” The book reached 2,500 schools.¹¹⁴² In Nebraska, a pamphlet described the utility executive as a man who “seeks the possibilities of rendering service to the community, and who devotes his time, skill, and brains to meet their needs...his big idea is organizing the company and giving the people the benefit of his initiative.” As the director of the Nebraska committee testified during the FTC hearings, the highly personalized versions of utility history intentionally implied that government ownership would destroy individual initiative and eliminate opportunities for individuals to reach their full potential.¹¹⁴³ Utility authors also purposely did not mention publicly owned utilities, in some cases. Why confuse the issue when students could be kept ignorant? Municipal ownership was “purposely kept out,” admitted Samuel MacQuarrie, the director of the New England information committee, during FTC testimony.¹¹⁴⁴ Whether in depicting the history of utility infrastructure as the product of individual effort or by omitting alternative organizational structures, utility authors created their pro-business arguments both by what they kept in and by what they left out.

Ignoring the existence of government ownership required textbook authors to treat corporate utility ownership with care since dwelling on private ownership of utilities could lead to unwanted comparisons with public ownership. Bernard Mullaney of the Illinois committee explained that “we do not find it necessary to talk about the advantages of private ownership; we think those are obvious.” Instead, the textbooks produced by the Illinois committee discussed only the history of corporate utilities and related this history to economic progress and the investment that made progress possible.¹¹⁴⁵

Utilities textbooks even avoided the topic of government regulation of corporate utilities in some cases. In New England, where large numbers of municipally owned power plants operated under government regulation, regulation was not mentioned for fear that it would legitimize those plants.¹¹⁴⁶ In other areas, such as Texas, where there was little public ownership, government regulation was trumpeted as fair and judicious in order to legitimize corporate monopolies. Each information committee tailored its textbooks to its own specific location to maximize its effectiveness.

¹¹⁴² Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 464, 462.

¹¹⁴³ The quotation here is an FTC examiner’s summary of the pamphlet. It may include quotes from a section he was referring to, but the transcriber could not record these specific quotes from the oral hearings. Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 74.

¹¹⁴⁴ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 179.

¹¹⁴⁵ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 81.

¹¹⁴⁶ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 179.

By erasing evidence that did not fit the paradigm of corporate utility operation, textbooks written by utilities functioned much as the science textbooks described by Thomas Kuhn in *The Structure of Scientific Revolutions*. In Kuhn's famous chapter on "The Invisibility of Revolutions," he argued that scientific textbooks presented scientific "facts" as the only possible conclusion that could be drawn from the evidence. All past disputes, and the reasons for them, as well as any current "anomalies," were excluded from textbooks. This caused students to accept the current "paradigm" uncritically and to view all further evidence within this framework.¹¹⁴⁷ By intentionally ignoring the "anomaly" of public utility ownership, corporate utility textbooks encouraged the idea among students that the only way to provide utility service was through corporate monopolies.

Instead of government ownership, corporate utility pamphlets discussed customer ownership. One pamphlet informed students that private gas companies were not owned by individual capitalists but by the "thousands of thrifty investors who have bought securities with their savings."¹¹⁴⁸ In another pamphlet, students learned that they indirectly owned the streetcar companies if they kept their savings in banks because banks owned streetcar securities.¹¹⁴⁹ When learning to accept monopoly capitalism, students also learned the economic value system that portrayed accumulation and interest as positive life goals.¹¹⁵⁰

Lectures and Movies in Public Schools

In addition to flooding schools with textbooks, utility managers also visited schools and lectured school children. Since students represented a captive audience, utility managers were able to reach a large number of them. In Illinois, over 86,000 students heard a lecture from an Illinois Bell manager in 1927. Between 1926 and 1935, over 387,000 students in Illinois attended a lecture presented by an Illinois Bell manager.¹¹⁵¹ In New England in 1926, utility executives spoke at 132 different schools.¹¹⁵² In 1934, the Southwestern Bell Telephone Company, covering Missouri,

¹¹⁴⁷ Thomas S. Kuhn, "The Invisibility of Revolutions," in *The Structure of Scientific Revolutions*, 3rd ed. (Chicago: University of Chicago Press, 1996, [1962]), 136-143.

¹¹⁴⁸ This is an FTC examiner's quotation. It is likely that the examiner was directly quoting from a document in his hand, but because the court reporter transcribed the testimony from spoken statements, the transcriber did not use quotation marks. Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 178.

¹¹⁴⁹ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 178.

¹¹⁵⁰ Lendol G. Calder has shown that thrift and investing did not disappear in the 1920s as Americans increasingly began to pursue the American dream, as defined by obtaining material goods; *Financing the American Dream: A Cultural History of Credit* (Princeton, N.J.: Princeton University Press, 1999), 28, 32.

¹¹⁵¹ Federal Communications Commission, "Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹¹⁵² Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking

Kansas, Oklahoma, and Texas, lectured to over 46,700 school children during school. The company's speakers also gave talks to civic clubs and chambers of commerce, but children represented nearly 80% of their total audience.¹¹⁵³

To promote school lectures, executives encouraged their managers to cultivate personal relationships with teachers and superintendents. One Illinois executive recommended that "the general manager should identify himself with the Boy Scout movement," since this offered a good opportunity "to talk to the boys individually and collectively, to lecture them on good citizenship, and especially on the essentials involved in healthy public relations." The same work should also be done among Girl Scouts, the executive advised.¹¹⁵⁴ Managers who were leery about talking to kids, could pick up *How to Talk to Grade School Pupils*, published by the Illinois information committee.¹¹⁵⁵

Utilities also produced "educational films" specifically aimed at school children. Utilities designed these films mainly to educate students about the virtues of corporate monopolies. AT&T's most widely distributed film in schools, *Getting Together*, featured an animated "imp" putting together a handset telephone. AT&T's producers wanted to educate students about the complexity of the telephone in order to stifle criticism about phone malfunctions and hand-set rental charges. The film worked, according to AT&T's Motion Picture Bureau director, J.M. Hamilton, who boasted in 1933 that the movie had "silenced much criticism of the handset extra charge."¹¹⁵⁶

School systems were open to corporate movies, just as they were toward corporate textbooks. One Bell advertising manager wrote to AT&T's J.M. Hamilton in 1933 that, "our pictures have also proven highly acceptable in various schools, notably in Philadelphia, Allentown and Pittsburgh. In these towns the Boards of Education have taken the entire series and shown them to the student bodies."¹¹⁵⁷ These films reached an immense number of students. In Illinois in 1927, over 115,000 students viewed a movie supplied by Illinois Bell. Over the next several years, the popularity of films in schools increased and eclipsed the popularity of corporate lectures. By 1930, over 300,000 students in Illinois had seen an AT&T movie in school. Between 1926 and 1935, an astounding 3.2 million students in Illinois had been exposed to an AT&T movie.¹¹⁵⁸ These numbers were not unusual. In Ohio, over 305,000 students viewed an AT&T film in 1932.¹¹⁵⁹ The Ohio Bell Company wanted students to see their films so badly they

Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 183.

¹¹⁵³ Federal Communications Commission, "Appendix 4: Southwestern Bell Telephone Company, Lecture-Demonstration Report, 1934," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹¹⁵⁴ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), xiii, 73.

¹¹⁵⁵ Published in 1927. *FTC Letter No. 2* (1928), 84, xi.

¹¹⁵⁶ *FCC, Telephone Investigation* (1937), 4:31.

¹¹⁵⁷ *FCC, Telephone Investigation* (1937), 4:28.

¹¹⁵⁸ Federal Communications Commission, "Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹¹⁵⁹ *FCC, Telephone Investigation* (1937), 4:154.

offered to supply both a film projector and an operator if the schools could not do so.¹¹⁶⁰ The company also drew up a brochure to help teachers pick out which films they wanted to show their students.¹¹⁶¹

Many high schools gratefully accepted the offer of free movies. An educator at a junior high in Scranton, Pennsylvania, wrote to AT&T president, Walter Gifford, in 1930 to thank him for the AT&T films and noted that “they have done much toward developing a keener understanding of the problems of communication; have developed a civic and national consciousness; and have promoted the idea of service; such as no other medium which we possess could possibly do.”¹¹⁶² Gifford must have received this note with some satisfaction since utility executives wanted to mold the minds of educators as well as students.

As the letter to Gifford suggests, the public relations campaign of utilities in schools worked, at least in some cases. Utility managers in other states also reported successful results. In 1927, after successfully proposing the Bell-created “Adventures in Geography” lesson plans to the New York City Board of Education, a Bell System manager told his colleagues that, “I can see that it is one of the biggest, one of the most effective, one of the best things we have done in an educational way with the adolescent mind.”¹¹⁶³ In Iowa, after the first textbook survey in 1924, managers pressured school boards in fifteen towns to remove textbooks harmful to the utilities, and “in nearly every instance where such text books were used, they were removed and placed on the library shelves for use as reference matters only,” according to the director of the Iowa state information committee.¹¹⁶⁴ Still, however, seven or eight schools held out, mostly in areas with municipally-owned electricity plants.¹¹⁶⁵ By the mid-1920s, the director of the Rocky Mountain information committee, covering Colorado, New Mexico, and Wyoming, could rejoice that “students’ heads are no longer being crammed with municipal, government, and state ownership theory.”¹¹⁶⁶ Indeed, the influence has continued. In the 1960s, coalitions of power companies frequently published ads opposing the TVA and other public power projects.¹¹⁶⁷ As of 1975, *The Story of Electricity* was still in print, in cartoon form, courtesy of the Florida Power and Light Company. The cartoon character Reddy Kilowatt, created by the Southern California Edison Company, obtained his own publishing house, Reddy Kilowatt, Incorporated, by 1972. As of 1976, the American Gas Association was continuing to distribute *The*

¹¹⁶⁰ FCC, *Telephone Investigation* (1937), 4:153.

¹¹⁶¹ FCC, *Telephone Investigation* (1937), 4:153.

¹¹⁶² FCC, *Telephone Investigation* (1937), 4:157.

¹¹⁶³ FCC, *Telephone Investigation* (1937), 4:122.

¹¹⁶⁴ Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 9.

¹¹⁶⁵ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 384.

¹¹⁶⁶ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 381.

¹¹⁶⁷ Ernest Gruening, *The Public Pays: A Study of Power Propaganda* (New York: The Vanguard Press, 1931), photo inserts after page xviii.

History of Natural Gas and several other utilities were also continuing to publish materials for the classroom.¹¹⁶⁸

Colleges and Universities

The utilities also tried to control the content of college courses and shape the opinions of college professors and students. To do this, utility executives gave speeches to university students, hired professors to speak on behalf of corporate utilities, funded research that was favorable to utility interests, pressured instructors about their textbook selections, donated money and equipment to colleges, and advertised in college newspapers. Utility publicity agents also sponsored supposedly academic conferences, hired professors to host these conferences, and provided all-expenses-paid trips for those willing to attend.

One of the most effective academics hired to influence college instruction regarding utilities was Clyde O. Ruggles, a Harvard-educated economist and dean at Ohio State. In 1927, Ruggles led NELA's "committee on cooperation with educational institutions," to remove unfavorable textbooks from college syllabi.¹¹⁶⁹ This educational committee operated separately from the committee that contacted Ginn & Company, but the goals and methods of the two groups were similar. Ruggles and his group scoured college economics, business, law, engineering, and accounting textbooks for any negative statement about corporate utilities. Ruggles then used his reputation and his extensive university connections to talk with professors about their textbook selections. Ruggles also scrutinized professors' syllabi and when he found a text or case study that he felt was out of date he informed the instructor and suggested that he modify his course to account for recent advances in utility operation and regulation.¹¹⁷⁰

To further develop sound curriculums, Ruggles hosted academic conferences for business, law, economics, and engineering professors, with all expenses paid by the local utility information committee. Ruggles and state publicity directors both invited professors to attend these conferences, but they specifically asked executives not to attend in order to give the conferences a veneer of academic legitimacy. Yet professors knew that the corporate utilities had sponsored the conferences and where their reimbursements came from.¹¹⁷¹ Still, the conferences were well attended. One conference in Texas included professors from nearly every institution of higher learning in the state.¹¹⁷² In the summer of 1926, AT&T hosted an educational conference attended by

¹¹⁶⁸ Sheila Harty, *Hucksters in the Classroom: A Review of Industry Propaganda in Schools* (Washington, D.C.: Center for Study of Responsive Law, 1979), 41-42, 45-47, 49, 81; Southern California Edison Company, *You and Your Company: A Handbook for Employees*, 13, 1953, Box 88, Folder 2, SCE Records.

¹¹⁶⁹ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 113.

¹¹⁷⁰ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 91.

¹¹⁷¹ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 97.

¹¹⁷² Some Texas professors also traveled to another conference held by Ruggles in New Orleans; Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 473, 471.

professors from the University of California, Columbia, Cornell, Harvard, the University of Illinois, MIT, the University of Michigan, Ohio State, the University of Pennsylvania, Stanford, the University of Wisconsin, Yale, and many others.¹¹⁷³ The conference papers focused mainly on how to use illustrations when teaching undergraduates engineering, but before getting to that, AT&T executive Walter Gifford took the opportunity in his opening address to explain how one universal telephone network was better than two competing systems, how AT&T favored government regulation but not government operation, how AT&T earned but little on its investment yet still managed to pay nine percent dividends, and how the stock of AT&T was widely distributed among customers making AT&T “really publicly owned.”¹¹⁷⁴

Most of the academic conferences organized by electric and telephone utilities occurred in the late-1920s, although Ruggles had been associated with NELA’s Committee on Cooperation with Educational Institutions since at least 1924.¹¹⁷⁵ In 1926, Ruggles helped arrange a \$90,000 gift over three years from NELA to Harvard for utility research.¹¹⁷⁶ Two years later, Ruggles moved from Ohio State to Harvard Business School, where he became Professor of Public Utility Management.¹¹⁷⁷ At Harvard, Ruggles now earned \$15,000 per year, but that was still less than half of what utilities were paying him to continue his work as a consultant.¹¹⁷⁸

A year after Ruggles arrived, a Massachusetts legislator demanded an investigation into his association with the utilities, but the university found nothing wrong with the relationship. Perhaps this was because Ruggles generated so much funding or because three AT&T executives sat on Harvard’s Board of Overseers.¹¹⁷⁹ Or it may have been because Harvard’s public utilities courses, which Ruggles helped boost even before teaching them, attracted students. When the monopolistic Georgia Power Company wanted an orthodox course on public utilities taught at the University of Georgia but found that the university lacked an appropriate instructor, the company paid the university \$4,000 to send a professor from Georgia to Harvard for the 1927-1928 school year.¹¹⁸⁰ Ruggles arrived at Harvard Business School as this student left and remained there for the rest of his long career, in which he continued to advise utilities and write textbooks on utilities issues.¹¹⁸¹

¹¹⁷³ *Bell System Educational Conference, 195 Broadway, New York City, August 18-23, 1924*, 3-4, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings’ Collection No. 6: AT&T Corp.; AT&T-TX.

¹¹⁷⁴ “Opening of Conference: Talk by Mr. Gifford,” in *Bell System Educational Conference, 195 Broadway, New York City, August 18-23, 1924*, 2, 4-5, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings’ Collection No. 6: AT&T Corp.; AT&T-TX.

¹¹⁷⁵ “Education Section,” *NELA Proceedings* (1924), 181-194.

¹¹⁷⁶ Examination of Paul Clapp, Managing Director, National Electric Light Association, in *FTC Letter No. 3* (1928), 201, xxii.

¹¹⁷⁷ <http://oasis.lib.harvard.edu/oasis/deliver/~bak00155>

¹¹⁷⁸ Fifteen thousand dollars comes to a little more than \$200,000 in 2014 dollars using the Consumer Price Index to convert; ref. “Purchasing Power Calculator,” accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>

¹¹⁷⁹ Paul A. Walker, Commissioner, Federal Communications Commission, *Proposed Report, Telephone Investigation, (Pursuant to Public Resolution No. 8, 74th Congress)* (Washington: Government Printing Office, 1938) (hereafter Walker, FCC, *Proposed Report, Telephone Investigation* (1938)), 567.

¹¹⁸⁰ Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 100.

¹¹⁸¹ Carter A. Daniel, *MBA: The First Century* (Cranbury, N.J.: Associated University Presses, 1989), 110; <http://oasis.lib.harvard.edu/oasis/deliver/~bak00155>; Harvard Business School professors have continued to

Utility executives not only hired professors as consultants, but they also worked to influence who universities hired in the first place. If utilities could get universities to hire candidates sympathetic to corporate monopolies, then the utilities could use benefit from having these faculty members associated with a university while letting the university bear some of the costs of employing the individual. In Colorado, the Rocky Mountain information committee wanted to have a consultant on staff at the University of Colorado, so the committee schemed to establish a fellowship at the university and have it filled with an academic sympathetic to corporate utilities. The director of the Rocky Mountain information committee, George Lewis, explained to a colleague how the utilities in Colorado did this. “While the [fellowship] idea originated in the committee,” Lewis told him, “it reached the colleges and universities through a man high in educational circles who broached the subject, without mentioning the public utilities as being interested. Therefore, the colleges, on their own volition, developed the idea and the committee volunteered to render all possible assistance.” In consultation with the utilities, the University of Colorado then hired Herbert Wolfe as an instructor and economics researcher.¹¹⁸²

When Wolfe first arrived at the university, Lewis took it upon himself to give Wolfe a “practical” education in corporate utilities. Wolfe had already received formal university training in utilities subjects but Lewis found this education too “theoretical.” Wolfe’s practical education included occasionally joining the Rocky Mountain publicity committee for their weekly lunch meetings and all-expenses-paid trips to NELA conventions and industry conferences. Lewis described one of these conferences as a “spree” when reimbursing Wolfe for the \$47.65 bill he rang up at the Broadmore Hotel in Colorado Springs.¹¹⁸³

When working at the University of Colorado, Wolfe helped other instructors to design courses that favored corporate utilities. In 1926, George Lewis of the Rocky Mountain committee sent a letter to the chairman of the National Committee on Cooperation with Educational Institutions boasting that “we now have 24 public utility company executives as members of the university faculty, and Mr. Wolfe is collaborating with each in the preparation of the nine major subjects...each having 12 to 18 lessons on elements of public utilities.” Wolfe and Lewis both labored to make sure that these courses emphasized the low rates of corporate utilities in order to argue against government ownership. Wolfe also taught his own courses through the university’s extension program, though ninety-nine percent of his students were utility employees. Meanwhile, through a formal agreement, the university paid half of Wolfe’s salary, while the utilities paid the other half. Wolfe’s division of labor did not break down as evenly as his funding, however. The chairman of the Rocky Mountain committee explained to an interested colleague in Georgia that “while Mr. Wolfe is presumed to put in more time in

serve as consultants for energy companies. Enron paid several Harvard Business School (HBS) professors consulting fees and HBS professors published papers justifying deregulation before Enron’s downfall; ref. Jennifer Washburn, *University, Inc.: The Corporate Corruption of American Higher Education* (New York: Basic Books, 2005), xvii.

¹¹⁸² Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 352-53.

¹¹⁸³ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 353, 355.

the extension division [of the] university engaging in research work embracing other industries, in reality he has devoted most of his time to utility affairs.”¹¹⁸⁴

Wolfe also used his position to influence high school students about corporate utilities. In 1927, the high school debate league in Colorado took up the question of whether to construct Boulder Dam, just as debate raged in Congress over the project that would give the government the means of electricity production. The high schools also asked the University of Colorado to organize debates among the students. Wolfe, who was partly in the pay of the utilities but whose title reflected the university informed utility managers that if any high schoolers asked, managers could direct them to the university for material opposing Boulder Dam.¹¹⁸⁵ Essentially, Wolfe and the utilities used the university to legitimate Wolfe’s authority and subsidize his salary while he actually served as an employee of utilities.

Wolfe and Ruggles were not the only professors employed by the utilities. Theodore F. Grayson, a professor at the University of Pennsylvania’s Wharton School of Finance, oversaw utilities courses at Wharton while at the same time serving as the secretary of the New Jersey Public Service Information Bureau. Grayson spoke extensively at engagements arranged for him by NELA, and received \$250 to \$400 per speech, plus expenses.¹¹⁸⁶ Another professor, John McCaustland, the dean of engineering at Missouri State University, was paid by the utilities to give lectures at Missouri’s three teachers colleges. McCaustland only made \$75 per lecture, plus expenses, for his speeches, however, although ten thousand copies of McCaustland’s lectures were printed and distributed to summer-school students who could not attend the speech in person.¹¹⁸⁷

Utility managers carefully vetted professors before they hired them as speakers and professors were not paid to talk about whatever they wanted. The contents of McCaustland’s speech, for example, had been suggested to him by John Sheridan of the Missouri publicity committee, but not before Sheridan offered the statements to his steering committee, which included a Bell System manager, a gas company manager, and an electric company manager named Hillemeier. Hillemeier, in turn, passed along the proposed speech to his company’s lawyer, who commented that the speech appeared “too much on the order of propaganda.” The lawyer argued that there was “too much mention made of ‘the people,’” which he thought “might be bad, as it might look as if he had prepared some propaganda under the guise of the utility interests.” Hillemeier forwarded the comments to Sheridan, who edited the speech, and sent the revised version to Professor McCaustland, though Sheridan was careful to frame the speech as “merely a

¹¹⁸⁴ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 351-52, 387, 339-40, 354, xxvi.

¹¹⁸⁵ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 386.

¹¹⁸⁶ Two hundred fifty dollars in 1924 comes to \$3,460 in 2014 dollars using the Consumer Price Index to convert; ref. “Purchasing Power Calculator,” accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>; Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 387-88.

¹¹⁸⁷ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 54.

suggestion.” Press releases summarizing McCaustland’s speech were also prepared, a standard practice for these kinds of events.¹¹⁸⁸

Of course, industry influence at universities had never been completely absent. The Morrill Act in 1862 specifically directed that college be established “for the benefit of agriculture and mechanic arts.” Several universities, such as Stanford, Carnegie Mellon, and Vanderbilt had been founded by industrialists themselves or their heirs. In the late-nineteenth century, these industrial patrons sometimes directly controlled the opinions of professors. In 1895, economist Edward Bemis paid for his antimonopoly views by being dismissed from his post at the University of Chicago, which economist Edward Ross called “the Gas Trust University.” Five years later, Ross himself had to resign from Stanford after Jane Stanford would no longer tolerate his intellectual crimes, which included advocating municipal ownership.¹¹⁸⁹

In other cases, the president of the university was also the president of one or more corporations. In 1912, the president of Muhlenberg College in Allentown, Pennsylvania was Colonel Trexler, who also worked as the president of a streetcar company and telephone company, among other positions. A few months after the gas inspector of Philadelphia was fired for colluding with the United Gas Improvement (UGI) Company, Trexler awarded the man an honorary degree. Soon the inspector was back as inspector after UGI regained control of the city’s services. After the incident Trexler famously quipped that “colleges should grow by degrees.”¹¹⁹⁰ Monopolists had come a long way since 1874, when Grangers had pressured University of California president Daniel Coit Gilman to go back East.¹¹⁹¹

While company presidents still sat on university boards, donated money in exchange for research, and hired professors as consultants, corporate influence became slightly less overt in the 1920s. Yet if administrative control declined, instruction increasingly began look like a corporate meeting with utilities frequently sending their own executives to lecture college students during class.¹¹⁹² One of the most prolific of these speakers was T.V. Purcell of the Peoples Gas Light & Coke Co., who delivered over 100 lectures at thirty-nine institutions in 1927 alone. The next year, Professor Philip

¹¹⁸⁸ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 54, 56-57, 55.

¹¹⁸⁹ Richard Hofstadter and Walter P. Metzger, *The Development of Academic Freedom in the United States* (New York: Columbia University Press, 1955), 420-21, 438-39; Mary O. Furner, “The Perils of Radicalism,” in *Advocacy & Objectivity: A Crisis in The Professionalization of American Social Science, 1865-1905* (Lexington: Published for the Organization of American Historians by The University Press of Kentucky, 1975), 163-204; Washburn, *University, Inc.*, 33.

¹¹⁹⁰ Upton Sinclair, *The Goose-Step: A Study in American Education* (New York: AMS Press, 1923), 97.

¹¹⁹¹ Andrew Jewett, *Science, Democracy, and the American University: From the Civil War to the Cold War* (Cambridge: Cambridge University Press, 2012), 32; George Marsden, *The Soul of the American University: From Protestant Establishment to Established Nonbelief* (New York: Oxford University Press, 1994), 141.

¹¹⁹² Examination of George F. Oxley, Director of the Department of Public Information, National Electric Light Association, in *FTC Letter No. 3* (1928), 29; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 60; W. Griffin Gribbel, “Report of Committee on Cooperation with Educational Institutions,” *American Gas Association, Tenth Annual Convention, October 8-12, 1928* (New York: American Gas Association), 54.

Cabot arranged for Purcell to speak at Harvard Business School.¹¹⁹³ Another prolific speaker was Nathaniel T. Guernsey, general counsel and vice president of AT&T. Between 1926 and 1933, Guernsey gave scores of talks to law and business students, including talks at elite institutions such as Harvard, Northwestern, Brown, the University of Pennsylvania, and Yale.¹¹⁹⁴

Guernsey clearly enjoyed giving these talks and fished for invitations by writing to local Bell attorneys and asking them to ask their local law school dean to invite Guernsey to speak. Guernsey's favorite topic was "Regulation of Public Utilities" in which he argued that "the power to regulate is not unrestricted" and that "it is the established law of the United States" that states were prohibited from "imposing upon public utilities schedules of rates which will not afford a fair return."¹¹⁹⁵ Guernsey also sent the lists of rate cases used in utility classes to AT&T attorneys for scrutiny. The attorneys argued that the cases were without merit and should not be taught because they came from a time "when the courts were somewhat confused."¹¹⁹⁶

Guernsey requested five one-hour class sessions to fully cover his material, though he offered the instruction for free. Many schools obliged and during some months, Guernsey spoke on more days than not. One professor at the Cincinnati Law School thanked Guernsey for his "inspiration." The professor added that he "carried the essence of your message to the Transportation Law Class of the University."¹¹⁹⁷

Not all administrators were so welcoming. In 1928, Guernsey wanted to speak at the Ohio State Law School but the dean refused to give him scheduled class time. The dean had already heard Guernsey lecture—once while a student at Yale and again while a professor at the University of Kansas—and had found Guernsey's lectures to be "rather thinly veiled propaganda." These remarks filtered back to Guernsey, who grumbled that he had always "been absolutely open" about his beliefs and that his talks were not propaganda at all.¹¹⁹⁸

Guernsey clearly had a political agenda when speaking, however. In a 1926 letter to Harvard Business professor Donald K. David, Guernsey noted that, "while it is impossible to evaluate it, and we are not able to put our fingers upon it directly, I cannot help feeling that benefit, not only to them [business students], but to the utilities must eventually result. If we can start some hundreds of earnest youngsters thinking about these questions along sound lines, such a result would justify all of us." Shortly after writing this, Guernsey wrote to another Harvard Business School professor, Philip Cabot, stating: "I begin to have a feeling that continuous hammering along these lines must ultimately set at least a few people to thinking, with a start from relatively sound premises. If it does, in the long run it is going to be worth what it costs."¹¹⁹⁹ A few years

¹¹⁹³ W. Griffin Gribbel, "Report of Committee on Cooperation with Educational Institutions," *American Gas Association, Tenth Annual Convention, October 8-12, 1928* (New York: American Gas Association), 54.

¹¹⁹⁴ *FCC, Telephone Investigation* (1937), 4:139, 4:144, 4:Appendix 6, sheet 1-4.

¹¹⁹⁵ How those rates should be determined depended, not on what it cost to build the utility infrastructure in the past, minus depreciation, Guernsey argued, but on the current costs of reproducing the network; *FCC, Telephone Investigation* (1937), 4:139-42.

¹¹⁹⁶ *FCC, Telephone Investigation* (1937), 4:147.

¹¹⁹⁷ *FCC, Telephone Investigation* (1937), 4:149.

¹¹⁹⁸ *FCC, Telephone Investigation* (1937), 4:144.

¹¹⁹⁹ *FCC, Telephone Investigation* (1937), 4:146-47.

later, Guernsey gloated to the president of the Ohio Bell Company that Cabot had used “some of my stuff” in an article Cabot published in the *Harvard Business Review*. Guernsey was not upset. Instead he referred Cabot “one of my very loyal friends and supporters.”¹²⁰⁰

Their friendship went back at least to 1926, when Cabot suggested that Guernsey try to meet the young Columbia economics professor, James C. Bonbright, who in Cabot’s diagnosis was “suffering from the academic contagion,” but had “not wholly succumbed to the disease.” It is not known if Guernsey and Bonbright ever met, but Bonbright remained unconverted to Cabot’s views on utilities. Bonbright believed that AT&T took “an extremely unfair position” when it came to how depreciation reserves should be accounted when establishing utility rates and thought that “sooner or later” AT&T’s view would hurt the company “in the eyes of the public.”¹²⁰¹ Cabot disagreed and thought Bonbright was “very weak on all matters of law and...on many matters of economics.” Bonbright eventually became the chairman of the New York State Power Authority, received Harvard Law School’s Ames Prize, and remained critical of corporate utilities at Columbia University, along with his colleague Gardiner Means.¹²⁰²

Utility executives did not succeed in changing Bonbright’s mind, but they did succeed in changing the minds of other professors. In 1921, an AT&T vice president informed managers at the Ohio Bell that an Ohio State professor, C.A. Wright, had issued a pamphlet entitled *The Determination of Telephone Rates*, which made “harmful” and “misleading, if not incorrect” statements. Ohio Bell managers immediately began strategizing how to use “diplomatic handling” to convince Wright to recall his pamphlet, edit it, and submit changes to AT&T for approval before republishing it. Bell managers met with Wright and persuaded him to allow Ohio Bell to re-write the pamphlet, after which time, Wright could read the new document and approve it. After the meeting Bell managers reported that he “took the discussion of his pamphlet in a proper spirit.” Managers re-wrote the pamphlet and submitted it to AT&T for approval, but it was never published because Ohio Bell officials decided it would be better not to publish a second edition for fear of drawing attention to the original tract.¹²⁰³

Nonetheless, Wright had not yet been fully persuaded of the error of his ways and in 1924 Ohio Bell and AT&T managers planned an elaborate intervention to “correct the false knowledge upon which the professor has based his theory of rate making.” First, an Ohio Bell executive invited Wright to an engineering conference hosted by AT&T in New York. Once at the conference, managers button-holed Wright and talked to him about his supposedly erroneous notions. This discussion apparently convinced Wright to cooperate with AT&T. About a year later, when the president of Ohio Bell learned that Wright was going make a radio address on telephone rates, the president sent his assistant, D.H. Morris, to talk to Wright and change his mind. Soon after seeing Wright, Morris received a letter from him stating that, “since your visit a few days ago in which you suggested some of the difficulties in regard to my giving a radio talk on ‘Telephone Rates,’ I have decided to change this talk to one on ‘Telephone Service.’” Wright

¹²⁰⁰ *FCC, Telephone Investigation* (1937), 4:146-47, 150.

¹²⁰¹ *FCC, Telephone Investigation* (1937), 4:149.

¹²⁰² “Dr. James C. Bonbright, 93, Ex-Head of Power Authority,” *New York Times*, November 14, 1985.

¹²⁰³ *FCC, Telephone Investigation* (1937), 4:134-36.

promised the talk would be perfectly innocuous so he did not bother sending a copy to Morris.¹²⁰⁴

Utility executives also influenced professors and students by making donations to school endowments, funding research, creating fellowships, donating telephone and electrical equipment, advertising in college newspapers, establishing debating clubs, and supplying those clubs with topics and prizes.¹²⁰⁵ The president of the Georgia Power Company boasted in 1930 that his company donated to “universities, colleges, high schools, grammar schools, coeducational schools, male colleges, female colleges, white schools, negro schools, all sorts of schools all over the State.”¹²⁰⁶ The Illinois information committee established a writing club at the University of Illinois’s School of Journalism, challenged it to write on, “The dependency of communities upon the utilities for prosperity,” and offered prizes for the best essays.

College students and professors functioned as important opinion makers, utility executives believed, and so executives sought to shape their opinions in hopes of influencing others. In 1922, while planning a utility convention at the University of Missouri in Columbus, John Sheridan wrote to a colleague that, “if the organization makes good use of its opportunity, and I know it will, we will achieve great influence with the state university, and hence with the state.”¹²⁰⁷ In 1925, when considering whether to advertise in seventeen college newspapers, an Ohio Bell manager explained to his vice president that, “the increase in business sought or obtained would be secondary to the good will and esteem engendered in the minds of the students.”¹²⁰⁸ Just as utility executives advertised in local newspapers to influence editors, so utilities advertised in college newspapers to change the opinions of students. George Lewis of the Rocky Mountain committee went even further than advertising to win the good will of college editors. In January of 1924 he spent \$143 on a party at the Orpheum Theater in Denver for members of the College Editorial Association. The party became an annual event and by 1927 the cost had increased to \$181.50. Lewis blamed the students for the occasions, testifying at FTC hearings that “they got me figuratively by the scruff of the neck and said, ‘Lewis, you have got to give this theater party.’”¹²⁰⁹

According to the appraisal of utility executives, the parties, advertising, donations, lecturing, and the hiring professors as consultants worked in shaping the opinions of college students and professors toward corporate utilities. In 1927, after donating equipment and dispensing patronage on professors in Iowa, the president of the Iowa and Nebraska Light & Power Co. wrote to the company’s sales manager that, “our industry as

¹²⁰⁴ *FCC, Telephone Investigation* (1937), 4:134-39.

¹²⁰⁵ Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 100; Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 117; *FTC Letter No. 22* (1930), 1184; Examination of Edward S. Mansfield, in *FTC Letter No. 3* (1928), 100-103; *FCC, Telephone Investigation* (1937), 4:157-59.

¹²⁰⁶ Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 100.

¹²⁰⁷ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 84.

¹²⁰⁸ *FCC, Telephone Investigation* (1937), 4:157-59.

¹²⁰⁹ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 360-61; or One hundred forty three dollars is about \$2,000 in 2014 dollars using the Consumer Price Index to convert, ref. “Purchasing Power Calculator,” accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>

a whole improved its connection and relationship with the Iowa State College at Ames and Iowa State University to the extent that the attitude of these institutions as well as the personnel of the faculties has changed from one of quite open antagonism to one of friendly relations.”¹²¹⁰ In 1931, a commercial manager at Ohio Bell recommended the continuation of advertising at Antioch College since “it helps our relations with the school authorities.” In 1935, an Ohio Bell manager reported on the success of the company’s advertising in college newspapers, stating, “to summarize, we feel that this college advertising has created good will and generated favorable comments at very nominal cost.”¹²¹¹

Speaking at Clubs and Joining Clubs

Alongside the campaigns targeting students and teachers, utilities also sought to influence the general public. To reach this group, utility representatives went wherever the public went: movies, churches, civic clubs, Chautauqua lectures, workplaces, and homes. One utility representative even spoke from a soap box on a street corner in an effort “to reach everybody in the town.”¹²¹² To deliver their message, utility representatives developed movies and radio shows for public consumption. Managers also angled for speaking engagements on the Chautauqua lecture circuits and at Kiwanis clubs, Rotary clubs, chambers of commerce, men’s lodges, women’s clubs, farm associations, consumers’ leagues, and church assemblies.

The utilities’ efforts to speak at civic clubs in the 1920s was much different from hiring pin-striped spokesmen to give prepared statements to the press, as other industries had started doing in the early twentieth century. At that time, corporations hired spokesmen to prevent their officers from putting their foot in their mouths. This seemed wise, considering that oil baron John D. Rockefeller declared in 1915 that “God gave me my money,” and the president of the Philadelphia & Reading Coal & Iron Company, George Baer stated in 1902 that “the rights and interests of the laboring man will be protected and cared for by the Christian men to whom God has given control of the property rights of the country.” But in some cases, the corporate spokesmen hired by corporations became as much of an object of ridicule as their bosses. After the Ludlow Massacre of 1914, in which striking Rockefeller employees were murdered by guards, the well-known spokesman Ivy Lee tried to spin the incident for the Rockefellers. As a result, however, the progressive critic Upton Sinclair dubbed Ivy, “Poison Ivy.”¹²¹³ By the 1920s, utility executives began to discount the idea that a few polished remarks to the press could work wonders on public opinion.¹²¹⁴

Rather than rely on a few high-priced outsiders, utility executives in the 1920s encouraged all their employees, both men and women, to give speeches at local civic clubs in support of their monopoly employers. By speaking at local civic clubs after

¹²¹⁰ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 113.

¹²¹¹ *FCC, Telephone Investigation* (1937), 4:157-59.

¹²¹² Examination of Fred G. R. Gordon, in *FTC Letter No. 9* (1929), 51.

¹²¹³ Alan R. Raucher, *Public Relations and Business, 1900-1929* (Baltimore, Maryland: The Johns Hopkins University Press, 1968), 20, 28.

¹²¹⁴ J.P. Ingle, Manager, Haverhill Gas Light Company, Haverhill, Mass., “Seeing Ourselves as Others See Us,” *American Gas Association Monthly*, March 1922, 151.

work, employees would develop the intimate community relationships that executives wanted and that a few high-priced outsiders could never achieve. While scholars have focused on the actions of public relations specialists, such as Ivy Lee and Edward Bernays, low- to mid-level utility employees were more active in local communities and almost certainly more influential in changing public opinion toward monopolies.¹²¹⁵

To make the most of the speaking engagements of employees, utility public relations specialists coached utility employees in the art of public speaking. The state publicity director for the Rocky Mountain region, George Lewis, established a “speakers’ so-called college” in Colorado. Lewis hired a professor to instruct employees in public speaking and critique their performances. Each semester, the colleges had 20 to 40 students, who paid a quarter of their tuition.¹²¹⁶ Once utility employees had been trained, they could join the state’s speakers’ bureau.¹²¹⁷

Many state committees also produced speakers’ handbooks that provided outlines of speeches. The Michigan publicity committee produced a thirty-page handbook entitled *Telling the Public Utility Story*, while the Nebraska committee’s handbook exceeded thirty-five pages.¹²¹⁸ The Illinois committee produced a series of speakers’ bulletins containing entire speeches.¹²¹⁹ The first bulletin, issued in 1920, featured a sweeping historical overview about how utility service had ended the age of the horse and buggy, kerosene lamp, wood stove, and messenger boy in just twenty-five years. The proposed speech also included an impressive set of statistics about utilities, recent court findings about rates, and even suggested introductions such as: “Before coming here tonight I met a friend. He said to me...,” or, “Friends: On my way here, a little fable came to my mind that I want to repeat.”¹²²⁰ Another set of speakers’ bulletins in Texas also provided anecdotes to start talks with, as well as topics for fifteen-minute speeches.¹²²¹ To convince civic club leaders to let utility representatives to talk at club meetings, the utilities produced a pamphlet entitled “How About Your Programs?”¹²²²

To organize the speaking efforts of utilities, publicity directors in each state established a speakers’ bureau, divided their state into districts, and assigned a utility

¹²¹⁵ Richard S. Tedlow, *Keeping the Corporate Image: Public Relations and Business, 1900-1950* (Greenwich, CT: JAI Press, 1979), 32; Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996), 28, 34, 177, 192.

¹²¹⁶ Examination of George E. Lewis, Director, Rocky Mountain Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 343-44.

¹²¹⁷ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 173.

¹²¹⁸ Examination of Thorne Browne, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 77.

¹²¹⁹ “Publicity Happenings,” *American Gas Association Monthly*, June 1922, 345.

¹²²⁰ Illinois Committee on Public Utility Information, *Public Opinion and Public Utilities: Speakers’ Bulletin No. 1, 1920: The Nature, Development and Service of Public Utility Companies* (Chicago: 1920), 17-18, Box 449, Folder 5, SCE Records.

¹²²¹ Examination of William C. Grant, Director, Texas Public Service Information Bureau, in *FTC Letter No. 4* (1928), 478.

¹²²² Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 180.

manager for each district. Each district manager was responsible for cultivating local contacts, securing speaking invitations, and assigning an available speaker for each engagement.¹²²³ In some states, district managers received quotas for the number of talks they needed to organize each month, and statistics were kept down to the county level.¹²²⁴

To keep track of the speaking effort at the national level, the National Electric Light Association's Public Speaking Committee divided the country into regions, and recorded the number of talks and attendance in each. The work of public speaking began slowly in the early 1920s, yet the Public Speaking Committee recorded 6,000 talks nationwide by 1924. The next year, that number had increased to 10,000 talks to a total of 1.5 million people.¹²²⁵ By 1927, utilities employees had delivered 31,000 talks to over 3.8 million Americans. New York speakers led the way, delivering 9,720 talks to 456,000 people, while Illinois speakers came in second with 5,300 talks delivered to 245,000 people.¹²²⁶ Utility employees gave lecturers, not only in big cities, but also in small towns. In Oklahoma, utility employees gave 2,450 talks in 1927, up from just 110 the year before, while in Missouri, employees gave 1,285 talks in 1927, up from 600 the year before.¹²²⁷

The overall effect of these speaking efforts was that utility managers reached large numbers of people. In 1929 alone, utility representatives nationwide delivered 36,887 talks to 4.6 million Americans, yet complained to colleagues that this only represented 3.2 percent of the population. Employees may have been motivated to speak by the European vacation that NELA offered that year for the best speech on "The Electric Utilities Contributions to My Community, State and Nation."¹²²⁸ Between 1925 and 1929, inclusive, utility employees spoke to 14.9 million Americans. Considering that the US population in 1930 was 123 million, if these speeches did not include much audience-overlap, it is plausible that utility representatives in the second half of the 1920s delivered their pro-corporate ownership message to over ten percent of Americans, an immense percentage of people to reach face-to-face.¹²²⁹

It was precisely the promise of human contact that motivated utility directors to promote public speeches. The president of the Georgia Power Company urged streetcar managers in 1922 to give speeches, promising that "it will bring you into contact with

¹²²³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 46.

¹²²⁴ *FTC Letter No. 2* (1928), xvii.

¹²²⁵ Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 174.

¹²²⁶ "Public Speaking Committee," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 288.

¹²²⁷ "Public Speaking Committee," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 288.

¹²²⁸ "Report of the Public Speaking Committee," *NELA Proceedings* (1930), 1282-1283.

¹²²⁹ If each attendee only went to one speech the utilities would have reached 13.1 percent of the population. There was, no doubt, some audience overlap, although how much is impossible to tell; <https://www.census.gov/popest/data/national/totals/pre-1980/tables/popclockest.txt>; "Public Speaking Committee," *NELA Proceedings*, Public Relations National Section, Tuesday, June 5, 1928 (1928), 288-89; "Report of the Public Speaking Committee," *NELA Proceedings* (1930), 1283.

your customers. It will personify the railroad to them in your own individuality.”¹²³⁰ AT&T vice-president, E.S. Wilson, told executives at a 1924 Bell Presidents’ Conference that “by systematically cultivating the acquaintance of leading officials and active members of these [civic] associations our companies cannot only keep in touch with public sentiment, but can...effectively place before the membership, educational facts that will permit better understanding of telephone company problems and motives.”¹²³¹ At clubs, lodges, churches, and community centers, utility managers could mingle with influential local citizens, describe the utilities’ contributions, and generally humanize the corporation. In this way, corporate officers hoped, they would no longer be viewed as the paunchy manipulator of political cartoons but as a likeable member of the local community.

In many cases, the utility speaker was literally a member of the club. Executives maintained memberships in a number of civic clubs, and encouraged their employees to do the same. This was partly because club membership would help employees secure speaking engagements, but also because employees could represent the company among club members, even when not speaking. In a 1921 speech entitled “Mobilization of the Forces for Better Public Relations,” AT&T president H.B. Thayer told Bell executives that membership in “civic organizations of every description...afford unusual opportunities for establishing contacts with the leaders in general public activities and those who are molding public sentiment.”¹²³² Other executives shared similar sentiments. “Do you realize,” asked a Massachusetts executive in the *American Gas Association Monthly*, “that the public utility with its employees touches practically all social, fraternal, club, church and industrial activities in the community? Do you know that if all these employees kept a weather eye open and got themselves ‘in solid’ and each one accumulated a real circle of friends, no politician would ever dare to attack the company...Can you imagine anyone who valued his political success attacking the American Legion? He would stand about as much chance as a Republican in Georgia.”¹²³³ This logic, if not this exact speech, may explain why two years later, the Peoples Gas Light & Coke Company of Chicago had 236 members in the American Legion.¹²³⁴

To encourage club membership, many companies paid their employees’ membership dues. The Bell System spent \$4.8 million on membership dues for thousands of workers between 1924 and 1934; a cost that was ultimately passed on to telephone users.¹²³⁵ State publicity directors also billed NELA for their club memberships. Thorne Browne of the New England committee, for example, served as president of his local

¹²³⁰ P.S. Arkwright, President, Georgia Railway and Power Company, “Public Speaking as Publicity Medium,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 175.

¹²³¹ *FCC, Telephone Investigation* (1937), 4:23a.

¹²³² *FCC, Telephone Investigation* (1937), 4:21-22.

¹²³³ J.P. Ingle, Manager, Haverhill Gas Light Company, Haverhill, Mass., “Seeing Ourselves as Others See Us,” *American Gas Association Monthly*, March 1922, 151-52.

¹²³⁴ “Peoples Gas Club—Popular and Progressive,” *The Peoples Gas Light & Coke Company Year Book, 1924*, 31, Box 54, Folder 13, Samuel Insull Papers, Loyola University Chicago Archives. (hereafter Insull Papers).

¹²³⁵ *FCC, Telephone Investigation* (1937), 4:20-21.

Kiwanis Club yet billed NELA for his membership fee because he also gave speeches at the club opposing government ownership.¹²³⁶

Browne and many other utility employees explicitly attacked government-ownership and promoted corporate monopolies during their speeches at clubs. Unlike at high schools, utility executives gave full voice to their anti-government-ownership views when speaking at civic clubs. At a speech given to the Present Day Club of Riverside in 1921, A.B. West, the vice-president and general manager of the Southern Sierras Power Company, declared that the “municipality movement,” which Riverside’s mayor supported and which called for government ownership of hydro-electric plants, was nothing less than a plot to socialize the country. It was “insidious, a step here, a step there,” warned West. “Only a few decades back, the movement started with the acquirement of municipal water works. Next came city traction lines, gas works, local lighting plants, and so on until today we have in many of our cities municipal markets, municipal theaters, municipal warehouses, grain elevators, docks, slaughter houses.” Where will it stop,” queried West. He had the answer, “yes, this will be the last step—the farms.”¹²³⁷

West’s belief that publicly owned power represented the thin edge of the socialist wedge was not a construct of his imagination. Rather, it was the explicit strategy of American socialists in the 1920s. After their disastrous experiences during and after World War I, socialists in America decided to rebuild public support by electing politicians who supported public ownership of electricity plants. These plants would then provide a “yard stick” of electricity rates to demonstrate the superiority of government ownership over private ownership. This was why both socialists and corporate executives took every municipal-ownership fight seriously. Once socialists had their yardstick, they predicted government ownership would gain widespread support and Americans would convert to socialism. One of the strategy’s chief architects, H.S. Raushenbush, called it “encroaching control” and contrasted it to “cataclysmic socialism,” which he believed was impossible in the post-WWI political climate of the United States.¹²³⁸ Another advocate of encroaching control, Carl D. Thompson, explained in a pamphlet published by the Socialist Party, that elected representatives would “take over one after the other of their public utilities...and finally the nation will take...mines, railroads, interurban electric lines, power plants, telegraph and telephone systems, waterways, forests. And all this may be done by methods perfectly legal and constitutional.”¹²³⁹ Vice-president West’s view of socialists was not uninformed, just antagonistic.

¹²³⁶ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 105-06.

¹²³⁷ A. B. West, Vice-President and General Manager of the Southern Sierras Power Company, “Speech to the Present Day Club of Riverside,” March 28, 1921, 1, 3, Box 285, Folder 12, SCE Records.

¹²³⁸ H. S. Raushenbush, “A Program of Gradual Socialization of Industry,” *New Leader*, March 5 and March 12, 1927, quoted in Edwin Vennard, *Dangers of the TVA Method of River Control* (Chicago: 1944), 9, Box 485, Folder 5, SCE Records.

¹²³⁹ Quoted by Edwin Vennard, *Dangers of the TVA Method of River Control* (Chicago: 1944), 15, Box 485, Folder 5, SCE Records.

Tracking Socialists

Aside from government investigators and the socialists themselves, utility executives were some of the best informed people about socialism during the 1920s. Utility executives knew all about Raushenbush, Thompson, and many other socialists because they closely followed their activities, publications, and beliefs. Corporate utility archives contain a wealth of material on socialist organizations. Executives maintained name lists of known socialists, tracked their movements, and sent employees to spy on their gatherings. Executives also exchanged the intelligence they gathered with each other, drew up bibliographies of socialist literature, and followed socialist activities on college campuses, one place where executives were never able to fully stamp out their presence.

George Oxley, the information director of NELA, sent “confidential” copies of the proceedings of the Public Ownership League, to executive members of NELA. John Sheridan, the publicity director in Missouri, had his secretary join the Public Ownership League so Sheridan could read their magazine.¹²⁴⁰

In some cases, executives called high-level meetings with representatives from across the utilities industries to respond to specific socialist threats. In February of 1925, Merlin Aylesworth, executive manager of NELA, and George Oxley, NELA’s information director, along with several other industry executives, met to discuss the claims being made by Pennsylvania Governor Gifford Pinchot and Nebraska Senator George Norris, both of whom were advocating massive publicly-owned electricity projects. The utility executives decided to hire Bruce Barton, one of the most famous advertising agents of the 1920s, to produce a series of envelope-stuffers, which customers would receive with their utility bill, explaining the utilities’ position.¹²⁴¹ Barton received \$5,000 for his labor. Over 9,000,000 copies of his pamphlets went out to customers in early 1926, making it “the largest distribution of a direct message to the public ever made,” according to NELA director Merlin Aylesworth.¹²⁴²

Although executives were fully aware of the beliefs of socialists, they did not usually confront them on the basis of their ideas. Instead, executives smeared socialists with the red brush of communism; a very effective method after the Red Scare of 1919. Executives also smeared any politician or private citizen, socialist or not, who so much as hinted that they might favor government ownership of utilities. In the mid-1920s, when Bernard Mullaney of the Illinois publicity committee was trying to think of ways to defeat Senator Thomas Walsh’s proposal to investigate the power companies and ways to defeat the Swing-Johnson Bill to develop government hydro-power at Boulder Dam, Mullaney asked his assistant, Rob McGregor, for some ideas. “My idea,” McGregor replied, “would not be to try logic, or reason, but to try to pin the Bolshevik idea on my opponent.”¹²⁴³ A short time later, McGregor did exactly that by circulating a pamphlet

¹²⁴⁰ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 70, 127.

¹²⁴¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 151.

¹²⁴² Examination of Paul Clapp, Managing Director, National Electric Light Association, in *FTC Letter No. 3* (1928), 201, xxii.

¹²⁴³ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), 70-71.

among Illinois utility executives insinuating a link between municipal-ownership advocates and Bolsheviks.¹²⁴⁴ When socialist Carl Thompson secured a series of speaking engagements on the Chautauqua circuit, John Sheridan of the Missouri committee recommended to Joe Carmichael of the Iowa committee that the utilities not fight Thompson directly on the terrain of his ideas, but fight him “through the local Chautauqua committees.” Sheridan added that “if it comes to a showdown and he gets too gay, fight him; not upon the private vs. public ownership question, but on the Socialist, Communists, single tax, land nationalization record. As I know the farmers of Missouri, they hate the Socialist, Communist, single taxer, and land nationalizer as they hate the devil.”¹²⁴⁵ Why engage in rational debate when guilt by association was easier and more effective?

The strategy of labeling opponents “communists and Bolsheviks” was widely practiced by utility executives in the 1920s. In many ways, the Russian Revolution was the best thing that ever happened to utility executives. When a public-power referendum was placed on the ballot in California in 1922, the supposedly grass-roots Greater California League, in fact sponsored by corporate utilities, issued *Shall California be Sovietized? Facts about the Proposed Water and Power Act and Bond Issue of 500 Millions*. The pamphlet declared that the public-ownership measure represented “the most gigantic experiment in state socialism ever suggested in the US,” and that it was “comparable only to the disastrous venture forced on North Dakota by the Non-Partisan League and to the insane political and economic scheme that has ruined Russia.”¹²⁴⁶ After the California Water and Power Act went down to disastrous defeat in 1922, the utilities’ political operative, Eustace Cullinan, admitted to the California Senate Investigating Committee that the Pacific Gas & Electric Company and other northern California power companies had paid him to create the Greater California League, hire influential speakers to campaign against the act, purchase advertising space, and print and mail flyers to every voter in northern California. The total bill, Cullinan divulged, came to nearly \$250,000, an unprecedented sum to spend on a referendum at the time—and that was not the half of it.¹²⁴⁷ A similar organization in southern California spent even more.¹²⁴⁸ Supporters of the California Water and Power Act hoped that Cullinan’s revelations would help them and they again placed the water power measure on the ballot in 1924 and 1926, but each time the initiative failed miserably.¹²⁴⁹

¹²⁴⁴ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 89-90.

¹²⁴⁵ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 66.

¹²⁴⁶ Executive Committee of the Greater California League, *Shall California be Sovietized? Facts about the Proposed Water and Power Act and Bond Issue of 500 Millions*, (San Francisco: The Greater California league, n.d.)

¹²⁴⁷ Two hundred fifty thousand dollars comes to a little more than \$3.5 million in 2014 dollars using the Consumer Price Index to convert; ref. “Purchasing Power Calculator,” accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>; Benjamin P. Cook, “Spreckels Reveals Secret of His Fight for Water and Power Measure,” *San Francisco Chronicle*, January 31, 1923.

¹²⁴⁸ Thomas Goebel, *A Government by the People: Direct Democracy in America, 1890-1940* (Chapel Hill, NC: University of North Carolina Press, 2002), 161.

¹²⁴⁹ Frank C. Jordan, Secretary of State, *Statement of Vote at General Election Held on November 4, 1924 in the State of California (Party Registration and Voting Precincts)* (Sacramento, CA State Printing Office,

Utility representatives utilized anti-communist rhetoric in other places as well. When residents of Stanberry, Missouri, were about to vote on whether to build a municipally-owned power plant in 1927, John Sheridan wrote a pamphlet asking: “Are the people of Stanberry prepared to forswear the basic principles of the Constitution which has made America great and, without any compelling reason, substitute for these principles the doctrine of Karl Marx, the outstanding example of which is Soviet Russia...?” The bond measure passed despite these inquiries, but it was declared illegal on a technicality and a second vote had to be scheduled. But before Sheridan could travel to Stanberry to campaign against the act, the FTC called him to Washington to testify about these very activities. The power companies had failed to block the Walsh resolution authorizing the FTC investigation, despite trying to label opponents of corporate utilities as communists.¹²⁵⁰

Taking Over the Chautauqua Circuit

In many other instances, however, utility operatives defeated their public power opponents. In the summer of 1924, when Carl D. Thompson of the Public Ownership League was scheduled to speak on the Chautauqua circuit, Sheridan organized a campaign to stop him. Sheridan and utility executives found local Chautauqua subscribers willing to write to the circuit’s organizers to protest Thompson’s appearance and to cancel their subscriptions to the lecture series.¹²⁵¹ Several newspaper editors also agreed to write editorials attacking Thompson’s scheduled appearance on the circuit. Sheridan boasted to a utility executive that he had so many newspapers on his advertising rolls that, with the exception of these few editorials, readers found almost no mention in the papers that Carl Thompson was even in town.¹²⁵²

The pressure to remove Thompson from the Chautauqua circuit became so intense, that in July of 1924 the organizer of the circuit who had booked Thompson met with Sheridan and a few other utility executives to discuss the issue. The organizer informed the executives that he had received ten times more complaints about Thompson in Missouri than he had in any other state in which Thompson had appeared. It is not clear whether the organizer knew that the men he was speaking to were responsible for this. The organizer suggested that perhaps Thompson could eliminate some of his more objectionable sections of his speech. Executives knew that the most damaging part of Thompson’s addresses was when he contrasted the low electricity rates paid by Canadians in Ontario who bought power from the government, to rates paid by American customers of Detroit Edison, right across the border. Some utility executives were inclined to accept this compromise, but Sheridan wanted Thompson removed from the podium altogether. “That is a pretty definite instance of the suppression of free speech?”

1928), 36. Frank C. Jordan, Secretary of State, *Statement of Vote at General Election Held on November 2, 1926 in the State of California* (Sacramento, CA State Printing Office, 1926).

¹²⁵⁰ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 160-162.

¹²⁵¹ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 61, 65.

¹²⁵² Several editors sent clippings of their articles to Sheridan or their local utility manager, possibly in a bid to receive extra advertising revenue; Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 116.

an FTC examiner inquired of Sheridan during the government investigation. “I do not know,” Sheridan replied, “at that time I did not look at it that way.”¹²⁵³

Thompson ended up modifying his lectures, but in several cities his invitation to speak was rescinded.¹²⁵⁴ In Edina, Missouri, in July of 1924, the local Chautauqua committee un-invited Thompson after a local utility manager brought the matter up with the local Kiwanis Club, which protested, as did a banker and a local editor through his newspaper. In a real-life version of Sinclair Lewis’s *Main Street*, local citizens in St. Cloud, Minnesota, also successfully prevented Thompson from speaking. Thompson was denied permission to speak in several other places as well, according to an October 1924 report by the Illinois publicity committee, which had been tracking Thompson’s speeches in Illinois, Iowa, Missouri, and Nebraska. By December of 1924, Thompson decided to go south, but the utilities followed him there. Sheridan contacted a colleague in Alabama who organized opposition to Thompson. By the end of 1924, George Oxley, NELA’s information director, reported to Sheridan that he believed Thompson’s career on the Chautauqua circuit was over.

By that point, utility executives had started to envision speaking on the Chautauqua circuit themselves. In 1927, Bernard Mullaney, who had played a large role in forcing Thompson off the Chautauqua circuit, was now speaking on the circuit himself. Mullaney told his audience that “those who are in favor of public ownership, if they do not think they are traveling in the direction of eventual communism, are either fooling themselves or trying to fool us.” Mullaney further warned that “advocates of red or communist information stood in behind every municipal ownership enterprise....some in the minority are communists of deepest Russian red...others are part socialist, red shading into parlor pink.” For those who missed the speech, the Illinois committee printed 19,000 copies.¹²⁵⁵ Any public sphere for informed debate about public utility policy, if it had ever existed, had been mostly replaced by the late-1920s with the one-sided views of corporate utility executives.¹²⁵⁶

Tours and Demonstrations

Utility executives also encouraged their female employees to join clubs, especially women’s clubs, and speak at club functions. Many utilities established specific programs to instruct women employees how to give speeches. The Middle West Utilities Company organized a Women’s Committee, whose “chairman”—a woman—was responsible for “preparing the women of the organization to represent their companies in their community.”¹²⁵⁷ At the Southern California Edison Company, women employees spoke at women’s club luncheons, while in Iowa the state publicity director authored a

¹²⁵³ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 64.

¹²⁵⁴ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 61-70, x-xii.

¹²⁵⁵ Examination of Bernard J. Mullaney, Director, Illinois Committee on Public Utility Information, Vice President, American Gas Association, Vice President, Peoples Gas Light & Coke Co., in *FTC Letter No. 2* (1928), 91.

¹²⁵⁶ Jürgen Habermas, *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society*, trans. Thomas Burger with Frederick Lawrence (Cambridge, MA: MIT Press, 1989).

¹²⁵⁷ *Manual of Organization and Policies: Middle West Utilities Company, 1927*, 22-23, Folder 54-2, Insull Papers.

pamphlet that provided women employees with pointers on what to talk about.¹²⁵⁸ In some cases, female employees delivered guest lectures at colleges.¹²⁵⁹

The most extensive program to court the political sentiments of women was developed by Samuel Insull in Chicago. In 1922, Insull's gas and electric companies launched the Home Service Department, whose main attraction was Anna J. Peterson and her cooking and home economics demonstrations.¹²⁶⁰ During these presentations, Mrs. Peterson, as she went by in all her publicity, taught women how to use the latest cooking and home-making devices, such as gas and electric ranges, dishwashers, washing machines, and hot-water heaters, as well as offered tips on household chores such as removing stains. To reach an even larger audience, Insull innovatively broadcast these presentations on the radio, itself a new electrical device. Mrs. Peterson and the Home Service staff also toured the Chicagoland area, giving talks at women's clubs, churches, community centers, and high-school home science classes.¹²⁶¹

Mrs. Peterson's presentations proved to be a huge success. Thousands of women flocked to see her demonstrations live at the Peoples Gas auditorium in downtown Chicago, while thousands more listened to her on the radio at 11:35 weekday mornings, and 9:35 Saturday evenings. So many listeners responded to Mrs. Peterson's invitation to attend her "Children's Radio Christmas Party" in 1923 that the 3,000-seat Peoples Gas auditorium reached its maximum capacity and fans had to be turned away at the door. Listeners also responded to Mrs. Peterson's free recipe offers and the Home Service Department distributed three million recipe cards in 1928, or 10,000 each day, either in person at utility offices or through the mail.¹²⁶² In 1929, Mrs. Peterson lectured live to over a quarter of a million customers and to an estimated daily radio audience of 100,000.¹²⁶³ Several other companies also hosted radio shows and Home Service

¹²⁵⁸ "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 20; Examination of Joe Carmichael, Director, Iowa Committee on Public Utility Information, in *FTC Letter No. 4* (1928), 20.

¹²⁵⁹ Examination of Thorne Browne, Supervisor, Nebraska Utilities Information Bureau; Managing Director, Secretary, and Treasurer, Middle West Division, National Electric Light Association, in *FTC Letter No. 4* (1928), 109.

¹²⁶⁰ Katherine Kelley, "Tribune Cookery Students to See Turkey Roasted," *Chicago Tribune*, 20, November 24, 1933.

¹²⁶¹ "Reaching the Company's Women Customers," *Public Service Company of Northern Illinois Year Book 1929*, 20, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹²⁶² "Home Service Department," *The Peoples Gas Light & Coke Company Year Book, 1924*, 29, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections; "Merchandise Sales," *Public Service Company of Northern Illinois Year Book 1928*, 22, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹²⁶³ "Changing Housekeeping to Home-Making," *The Peoples Gas Light & Coke Company Year Book, 1929*, 21, Folder 55-1, Insull Papers.

demonstrations.¹²⁶⁴ In 1924, the Boston Edison company attracted over 10,000 people to a lecture the company organized at a rented hall.¹²⁶⁵

In creating the Home Services Department and sending women employees to speak at women's clubs, executives aimed, not simply to mold women's consumer desires, but also to shape their political sentiments. These newly enfranchised female customers were often the ones who signed up for utility service, as well as the ones who inspected and paid the monthly utility bill. As domestic utility service expanded rapidly in the 1920s, what women customers thought about their local utility mattered both financially and politically to corporations, and executives took steps to influence that thinking. The Women's Committee of the Middle West Utilities Company trained female employees, not just to show housewives how to bake with an electric range, but to educate female customers about the "principles and economics of the industry."¹²⁶⁶ As the *Peoples Gas Yearbook* of 1930 explained, the function of the Home Service Department was "not merely to further the use of gas for cooking but to obtain complete public confidence."¹²⁶⁷ Cooking demonstrations and engagements at women's clubs helped sell appliances and service, but also promoted the political economy of corporate monopolies. Simply put, fans of Mrs. Peterson were less likely to vote against her employer.

¹²⁶⁴ Mrs. Marjorie Pidgeon Wardman, Chairman, Brooklyn Borough Gas Company, "Report of Home Service Committee," *American Gas Association, Tenth Annual Convention, October 8-12, 1928* (New York: American Gas Association), 559.

¹²⁶⁵ David B. Sicilia, "Selling Power: Marketing and Monopoly at Boston Edison, 1886-1929 (Ph.D. dissertation, Brandeis University, 1990), 515.

¹²⁶⁶ *Manual of Organization and Policies: Middle West Utilities Company, 1927*, 22-23, Folder 54-2, Insull Papers.

¹²⁶⁷ "Home Service Aids Modern Trend," *The Peoples Gas Light & Coke Company Year Book, 1930*, 24, Box 55, Folder 1, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.



Thousands of women and children, and a few men, such as the one front and center, gather at the Peoples Gas Building in Chicago for Mrs. Peterson's "Children's Radio Christmas Party" in 1923.¹²⁶⁸



Three thousand women attend a cooking demonstration presented by the Home Services Department of the Public Service Company of Northern Illinois at a high school in Cicero, near Chicago, 1930.¹²⁶⁹

¹²⁶⁸ "Home Service Department," *The Peoples Gas Light & Coke Company Year Book, 1924*, 29, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹²⁶⁹ "Merchandise, Sales and Home Service," *Public Service Company of Northern Illinois Year Book 1929*, 18, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

Several Bell companies also developed elaborate demonstrations that toured from town to town in an effort to influence customer opinion regarding their utilities. “Realizing the benefits to be derived from having the public understand how calls are handled,” as one employee explained, the Bell System, beginning in the early 1920s, embarked on a widespread campaign to demonstrate switchboard technology to the customers.¹²⁷⁰ These demonstrations typically included a short speech by a manager who trumpeted the accomplishments of the Bell System, followed by an operator who showed how complicated switchboards were and explained why calls might sometimes be dropped or misconnected. Then, several operators would present a humorous play, which, according to an employee magazine, illustrated “in a laughable way, the mistaken notion some subscribers have of what goes on in an operating room.”¹²⁷¹

Some Bell employees painted scenery to enhance these plays, while Bell technicians in several states built working portable switchboards that could connect live telephone calls for use during the demonstrations. Technicians at a gas company in Rhode Island also developed a portable machine that could make gas from charcoal for use on their company’s demonstration tours.¹²⁷² Utility employees performed these live commercials at civic clubs, fraternal societies, church gatherings, schools, and state fairs.¹²⁷³

In the case of the Bell System, managers selected the most “attractive operators” from throughout their territory to staff these demonstrations. The caption below one photograph of these women referred to them as “the committee of pretty operators.” Their demonstrations, according to company reports, were “gratifying,” created “genuine interest,” and had a “pleasing effect” on audiences.¹²⁷⁴

Gas, electricity, and telephone companies intended these demonstrations tours to improve their relations with the public and the strategy appears to have worked. A Southern Bell manager concluded from experience in 1922 that “demonstrations undoubtedly do a great deal of good in giving the public a better understanding of our business, and so securing their cooperation.”¹²⁷⁵ According to another employee at Southern Bell, after seeing a demonstration, one customer exclaimed: “I don’t think I ever will lose my temper with the operator again, now that I know more about what a telephone call involves.”¹²⁷⁶ In 1919, the Bell company in Michigan was suffering from bad public relations and could not secure a rate increase. As a result, the company lost

¹²⁷⁰ “Showing the Subscriber a Switchboard in Service: A Demonstration that Shows the Public What Takes Place When a Call Is Put In,” *Southern Telephone News*, December 1921, 13, AT&T-TX.

¹²⁷¹ “Showing the Subscriber a Switchboard in Service: A Demonstration that Shows the Public What Takes Place When a Call Is Put In,” *Southern Telephone News*, December 1921, 13, AT&T-TX.

¹²⁷² Edward H. Bauer, Providence Gas Co., Providence, R.I., “Portable Demonstrating Water Gas Set,” *American Gas Association Monthly*, April 1922, 251.

¹²⁷³ “Telling Our Story to Public an Ever-Continuing Program,” *The Mouthpiece* (Detroit, MI), November 1924, 4, AT&T-TX; “The Work of the Commercial Department: Part II: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 14-15; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: The Work of the Commercial Department: Part II; AT&T-TX; Edward H. Bauer, Providence Gas Co., Providence, R.I., “Portable Demonstrating Water Gas Set,” *American Gas Association Monthly*, April 1922, 251.

¹²⁷⁴ “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 6, AT&T-TX.

¹²⁷⁵ “Seeing Is Believing,” *Southern Telephone News*, May 1922, 1, AT&T-TX.”

¹²⁷⁶ “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 6, AT&T-TX.

\$1.2 million in Detroit alone. In response, the managers of the company decided to launch a demonstration tour. The tour traveled all over Michigan, including stops at small towns. By 1922, 250,000 people had seen the demonstration, which the company's president believed had improved public opinion.¹²⁷⁷



A scene from a 1921 Southern Bell touring play.¹²⁷⁸

Popular Movies and Books

Live public speaking represented a major strategy by which utility executives shaped the political sentiments of the public, but as the popularity of movies increased in the 1920s, executives quickly adopted this medium as well. By the end of the 1920s, movies surpassed public speaking as the preferred way for utilities to communicate an extended corporate-ownership message to consumers. Utility companies produced scores of movies for consumption at movie theaters, civic clubs, and schools in the 1920s. AT&T alone produced at least fifty-six films from the mid-1920s through the 1930s, each designed to influence public opinion regarding the company. AT&T initially relied on outside production firms, but in 1924 the company established its own Motion Picture Bureau, under the Information and Advertising Department. The Bureau produced its first film in 1926.¹²⁷⁹

Just as with newspaper advertising and textbooks, AT&T executives expected Bell managers to personally place films with theater managers; a task for which managers

¹²⁷⁷ Franz C. Kuhn, President, Michigan State Telephone Company, "Demonstration Switchboards—Their Usefulness with Employees and the Public," in *Conference of Personnel Group, Bell System, April 18-25, 1922*, 63-65; Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX.

¹²⁷⁸ "Showing the Subscriber a Switchboard in Service: A Demonstration that Shows the Public What Takes Place When a Call is Put In," *Southern Telephone News*, December 1921, 13, Courtesy of AT&T Archives and History Center.

¹²⁷⁹ *FCC, Telephone Investigation* (1937), 4:230.

proved themselves to be highly capable. In January and February of 1932, nearly all of the sixty-eight Loews theaters in Manhattan, Brooklyn, the Bronx, Westchester County, and Long Island, were screening the popular Bell film, *A Modern Knight*. Similar feats occurred in Ohio and Pennsylvania. In case any managers had trouble convincing theater owners to screen AT&T films, J.M. Hamilton, the director of AT&T's Motion Picture Bureau, sent Bell managers the pamphlet, *An Imaginary Conversation with a Motion Picture Theatre Manager*, which contained scripted replies to potential objections from theater managers. If a manager resisted showing a film on grounds that it was propaganda, Bell managers were instructed to reply: 'Well, it's a good kind of propaganda because the information is all true, and therefore no one considers it offensive.'¹²⁸⁰

Another strategy AT&T used to place their films in theaters was to make them nearly indistinguishable from other current movies, except for a bit of product placement. The plot of the twenty-two minute long *Modern Knight*, for example, centered around the kidnapping of a girl, which set off an international manhunt in which detectives collaborated by placing international calls to Scotland Yard, Australia, and even to a detective aboard a steamer in the middle of the Atlantic using a radio phone. Detectives also sent out bulletins to police stations using an AT&T tele-type machine. The girl was eventually found safe, thanks to telephone technology and clever detective work. Viewers may have had no idea that the movie was created by AT&T, since the telephone use was only incidental to the plot and no mention of AT&T was made in the credits. Instead the credits indicated that the film was produced by Audio Cinema.¹²⁸¹ After screening the movie, one members of the Advertising Club of Montreal observed that *Modern Knight* represented "one of the most subtle and powerful forms of propaganda ever demonstrated to the club."¹²⁸²

Other utilities and industry associations also created films. The National Electric Light Association created several movies that were screened in public theaters in the 1920s, including *Yours to Command*, which NELA estimated was viewed by 1.25 million people. Production costs per viewer for this film came to seven-tenths of a penny, which NELA members viewed as an excellent deal. The American Electric Railway Association also created publicity movies, as did electric utilities in Boston, Chicago, and Philadelphia.¹²⁸³ As early as 1914, the Commonwealth Edison Company created a public relations film and presented it for free at an exposition in Chicago. The film depicted how electrical appliances eliminated household drudgery.¹²⁸⁴ In 1927, the Public Service Company of Northern Illinois created a series of films that it collectively entitled

¹²⁸⁰ FCC, *Telephone Investigation* (1937), 4:27.

¹²⁸¹ <http://techchannel.att.com/play-video.cfm/2011/7/27/AT&T-Archives-A-Modern-Knight>

¹²⁸² FCC, *Telephone Investigation* (1937), 4:25.

¹²⁸³ Examination of J.S.S. Richardson, Director, Department of Information of the Joint Committee, National Utility Association, in *FTC Letter No. 3* (1928), 390; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 165; "Appendix M. Report of Committee on Publicity," *Proceedings of the American Electric Railway Association, 1929* (New York: American Electric Railway Association), 190.

¹²⁸⁴ H.A. Seymour, "How We Advertise, and Why," *How Commonwealth Edison Company Works* (Commonwealth Edison Co., 1914), 160, Folder 55-1, Insull Papers.

Highways and Byways of Northern Illinois. The company screened the films at public theaters and community meetings, and boasted that the films were in “constant demand.”¹²⁸⁵ The purpose of these films, as one of Insull’s film producers stated, was to communicate to the public that “public utilities must be privately owned in order to obtain the greatest efficiency in operation.” The producer promised that “after viewing them the people will understand... why they should cooperate with the private ownership of the public utility which serves them.”¹²⁸⁶

These corporate movies reached an enormous number of people. Commonwealth Edison’s 1914 film was viewed by over 85,000 fair-goers.¹²⁸⁷ In 1932, Illinois Bell’s films reached nearly 500,000 members of the general public, not including the nearly 300,000 school children who viewed the company’s films.¹²⁸⁸ As the popularity of films increased, the popularity of lectures and office visits decreased. Nineteen twenty-seven marked the first year that Illinois Bell reached more people with movies than with lectures. Between 1926 and 1935, inclusive, the total attendees at Illinois Bell movies exceeded 5.3 million people, including students.¹²⁸⁹ During that same period, AT&T films reached an astonishing 436.8 million viewers. In 1931 alone, AT&T counted more than 74 million attendees at their film screenings.¹²⁹⁰

¹²⁸⁵ “Service and Public Relations,” *Public Service Company of Northern Illinois Year Book 1928*, 23-24, Box 55, Folder 8, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

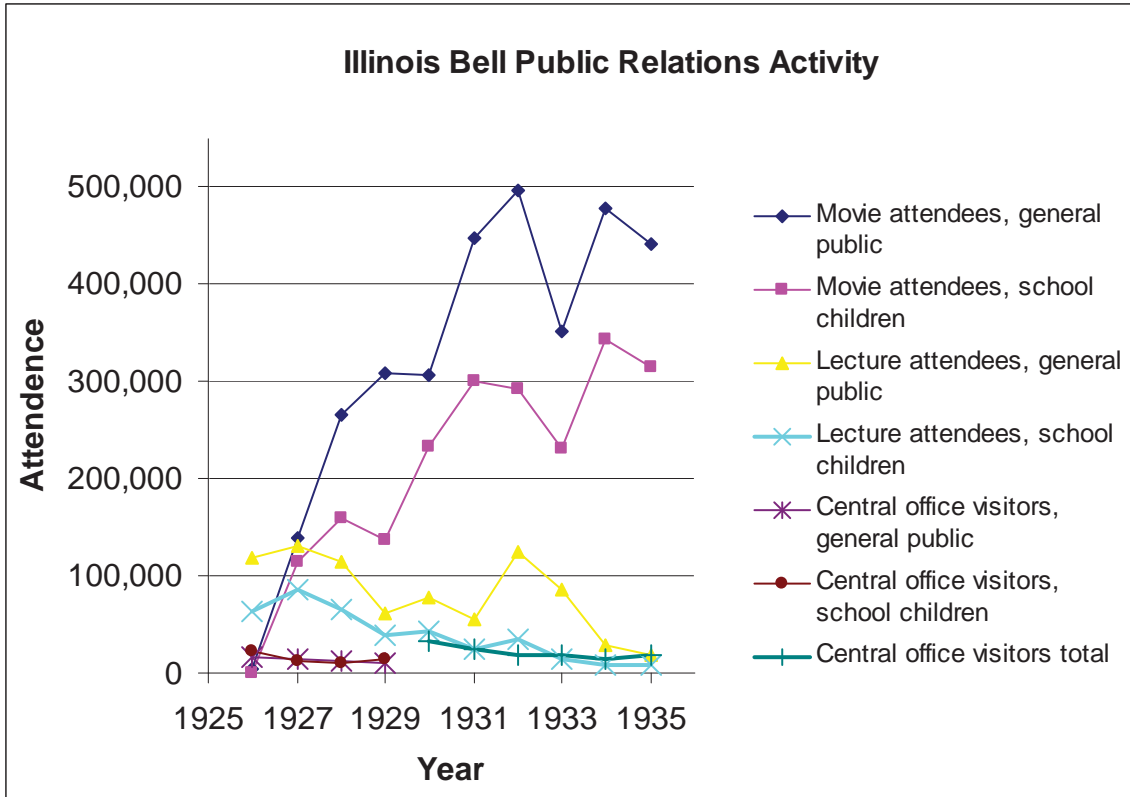
¹²⁸⁶ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *FTC Letter No. 2* (1928), 137-38.

¹²⁸⁷ H.A. Seymour, “How We Advertise, and Why,” *How Commonwealth Edison Company Works* (Commonwealth Edison Co., 1914), 160, Folder 55-1, Insull Papers.

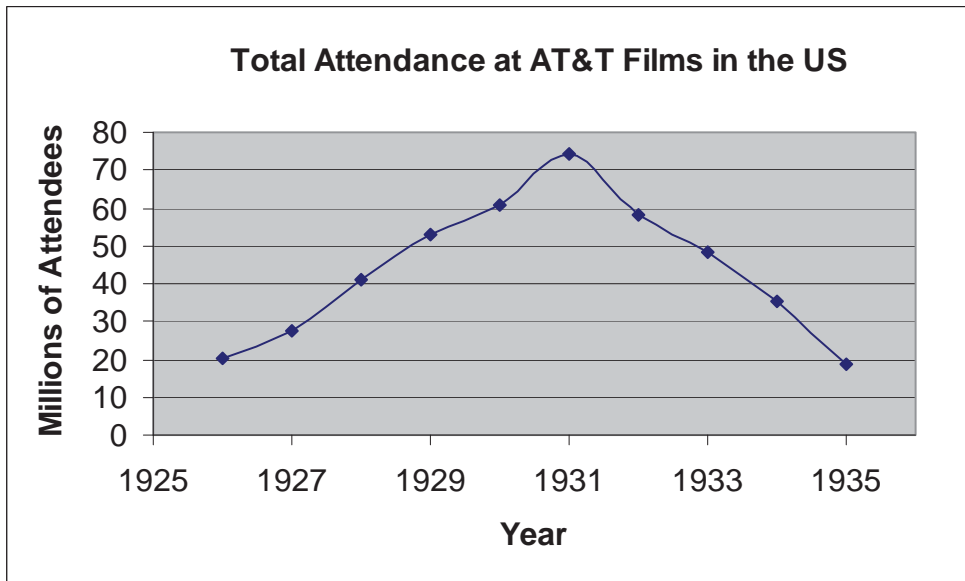
¹²⁸⁸ Federal Communications Commission, “Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive,” in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹²⁸⁹ Federal Communications Commission, “Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive,” in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹²⁹⁰ *FCC, Telephone Investigation* (1937), 4:26.



Attendance at movies, lectures, and office tours for just Illinois Bell, 1926-1935.¹²⁹¹



Millions of Americans viewed AT&T films in theaters, 1926-1935.¹²⁹²

¹²⁹¹ Federal Communications Commission, "Appendix 5, Sheet 2: Illinois Bell Telephone Company, Commercial Department Report of Customer Relations Activities, Years 1926 to 1935 Inclusive," in *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937).

¹²⁹² FCC, *Telephone Investigation* (1937), 4:26.

Utility executives also hired authors to write books on the history of the utility industry for popular consumption. The utilities then distributed these books to journal editors, public and university libraries, large shareholders, and managers.¹²⁹³ The first of these books for AT&T was Herbert Casson's, *History of the Telephone*, published by A.C. McClurg & Company in 1910. Casson had once served as an editor for the *New York World* and *Munsey's* and received \$8,400 for writing the book.¹²⁹⁴ Casson's book described the invention and technical improvement of the telephone, but also argued against government ownership by comparing the number of telephones in the United States under private ownership to the number of telephones in Europe under government ownership. Bell employees distributed over 10,000 copies of the book to libraries, reviewers, and others. Free copies of the book included a slip of paper pasted into the inside front cover stating that the publisher had presented the book as a gift. The publisher originally asked AT&T vice-president J.D. Ellsworth if this gift notice should come from the publisher or from AT&T, and Ellsworth replied that "your regular slip to the editor is all right, and I think that the slips to libraries, etc., should also go over your company's signature."¹²⁹⁵ The copy available in this author's university library includes this gift-slip from McClurg & Company.

AT&T also paid James Mavor, a professor of political economy at the University of Toronto, to write *Government Telephones: The Experience of Manitoba, Canada*, published in 1916. Mavor wrote in the conclusion of the book that his goal was to make "the public realize that the proper function of government is not the conduct of industries but the impartial inspection of them under intelligent laws."¹²⁹⁶ This was a timely argument, since US Postmaster General Albert Burleson wanted to take over the nation's telephone network at this time.¹²⁹⁷ Mavor argued that government ownership in Manitoba had been a failure by contrasting the rapid development of the telephone network under private ownership with the high rates, inefficiency, and false accounting after the 1907 government takeover of the network. Mavor neglected to point out that AT&T had been paid him \$2,050 to write what Mavor claimed was an "impartial" study.¹²⁹⁸

Later, in the mid-1920s, electric utilities employed Mavor to write a book condemning the Ontario Hydroelectric Commission, a government-owned power company in Ontario, Canada. The Ontario project, and especially the low cost of power in Windsor compared to the high cost of power directly across the border in Detroit, became a frequent argument for government-ownership in the United States during the 1920s.¹²⁹⁹ To discredit this argument, NELA paid Mavor at least \$1,000 and supplied him

¹²⁹³ Walker, FCC, *Proposed Report, Telephone Investigation* (1938), 566.

¹²⁹⁴ Eighty four hundred dollars in 1910 comes to \$216,000 in 2014 dollars using the Consumer Price Index to convert; ref. "Purchasing Power Calculator," accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>

¹²⁹⁵ FCC, *Telephone Investigation* (1937), 4:81-83.

¹²⁹⁶ James Mavor, *Government Telephones: The Experience of Manitoba, Canada* (New York: Moffat, Yard & Company, 1916), 164.

¹²⁹⁷ "Government Wires Urged By Burleson," *New York Times*, 6, December 14, 1914.

¹²⁹⁸ Walker, FCC, *Proposed Report, Telephone Investigation* (1938), 566; James Mavor, *Government Telephones: The Experience of Manitoba, Canada* (New York: Moffat, Yard & Company, 1916).

¹²⁹⁹ State Campaign Committee for the California Water and Power Act, *Let Us Save The Waters of California for the Children of California* (1922[?]), 14, The Bancroft Library, University of California, Berkeley; Franklin Hichborn, *The Strange Story of the California State Irrigation Association* (San Francisco: The California State Water and Power League, 1926), 1, The Bancroft Library, University of

with research material to write *Niagara in Politics*. The book was published in 1925 and heavily promoted by corporate utilities. NELA distributed over 5000 copies to public and university libraries, and sent another 800 to newspaper editors and reviewers. Individual utility companies ordered an additional 4,700 copies for their own uses.¹³⁰⁰ Just as in Mavor's previous work for AT&T, he made no mention of the source of his funding.¹³⁰¹

One year after Mavor published *Niagara in Politics* for the electricity industry, Arthur Pound published *The Telephone Idea* for AT&T. AT&T paid Pound \$2,200 to write the book, though that fact did not make it into the text. While writing the book, Pound worked as an editor at *The Atlantic Monthly Press* and as an editor for the magazine, *The Independent*. Pound raised propaganda to new literary heights in *The Telephone Idea* with his breathless account of the development of telephone service and casting the telephone as part of a timeless drama of human communication. AT&T, in Pound's portrayal, was an all-for-the-greater-good service corporation and its employees, hard-working and virtuous, public servants.¹³⁰²

Despite Pound's eloquence, he found it difficult to find a publisher. His first choice was Macmillan Company but they demurred, explaining that "while the propaganda or publicity elements are very skillfully constituted, the book still is propaganda or publicity, and while perfectly legitimate in its own field, would seem a bit out of place on a general publisher's list." Undeterred, Pound approached the publishers Payson and Clarke, but they too rejected the manuscript, calling it "too obviously propaganda." Finally, Pound settled for Greenberg, Incorporated, which held none of the literary pretensions of its peers. Greenberg agreed to publish the book, but its association with the text was limited. In an unusual arrangement, Greenberg simply allowed its name to appear on the book, carried the title on its list, shipped the book, and collected the money. AT&T sourced the printer and binder, and handled the marketing.¹³⁰³

J.D. Ellsworth wanted the book to be "a means of some favorable publicity," so he sent it out to Bell publicity managers with instructions to distribute it to editors, regulatory commissioners, and university libraries. His managers followed his orders. The copy of Pound's book in the University of California, Berkeley, library has "Gift of American Telephone and Telegraph" scrolled into its title page, while the University of Michigan copy has "Mr. J.J. Kelly, Gift, 10-3-1927." Kelly was a Bell manager in Ann

California, Berkeley; Alvin C. Reis, member, Wisconsin Legislature, *Ontario Points Way to Cheap Electricity with an Introduction by Franklin Hichborn* (1928?), 4-5, The Bancroft Library, University of California, Berkeley.

¹³⁰⁰ Examination of George F. Oxley, Director of the Department of Public Information, National Electric Light Association, in *FTC Letter No. 3* (1928), 25-27; Examination of Paul Clapp, Managing Director, National Electric Light Association, in *FTC Letter No. 3* (1928), 201, xxii.

¹³⁰¹ James Mavor, *Niagara in Politics: A Critical Account of the Ontario Hydroelectric Commission* (New York: E.P. Dutton & Company, 1925).

¹³⁰² *FCC, Telephone Investigation* (1937), 4:81; Walker, FCC, *Proposed Report, Telephone Investigation* (1938), 567.

¹³⁰³ *FCC, Telephone Investigation* (1937), 4:86-90.

Arbor.¹³⁰⁴ Thousands of other copies were given to other libraries and friends and by 1935, 8,500 copies of *The Telephone Idea* had been distributed.¹³⁰⁵

Posters, Billboards, Envelop Stuffers, Window Displays

For those people who did not read books, go to movies, listen to the radio, attend cooking demonstrations, attend a high school or college, participate in civic clubs, or read any of the thousands of newspapers in which utility managers planted articles, executives tried to reach them through literature distributed at company offices, posters on streetcar platforms, posters on company trucks, billboards, window displays, direct mail, pamphlets left at customers' homes by meter-readers, and—if all else failed—"envelope stuffers" for customers to discover inside their monthly utility bills. This literature and advertising material was aimed at improving public relations, not at selling products or services. In 1927, meter-readers for the American Gas & Electric Company dropped off at the front door of 55,000 customers' houses a booklet entitled *Government Fails in Industry* and an editorial from the *New York American*.¹³⁰⁶ Beginning in 1925, NELA, as well as individual electricity and telephone companies, created envelope-stuffers and distributed them to customers along with their bills.¹³⁰⁷

For pedestrians, utilities created elaborate window displays designed to attract interest and improve public relations. Popular items to display in windows included posters, phone books, stock certificates, Christmas greetings, or special Armistice Day material. In an effort to impress the public with how complicated the telephone was, Bell companies liked to display disassembled telephones, with their 136 different parts, though one wag wanted to know "which part of it is always busy?"¹³⁰⁸

Often, companies coordinated these window displays with current advertising campaigns. During "Electrical Prosperity Week" in 1916 the Pacific Telephone & Telegraph Company kept a live person in a Los Angeles display window splicing cable from 9 am to 10 pm.¹³⁰⁹ Some utilities included enlarged window enclosures in the plans for new branch offices in order to accommodate such large displays.¹³¹⁰

These window displays appeared in prominent locations and, according to some reports, attracted crowds of people. The Peoples Gas Company of Chicago maintained

¹³⁰⁴ Arthur Pound, *The Telephone Idea: Fifty Years After* (New York: Greenberg, 1926); digital copies from both libraries obtained through the HathiTrust's Digital Library; the identity of J.J. Kelly is known through the Michigan Bell employee magazine article: "Finding Marshal Foch, by 'Phone for a University," 7, *The Mouthpiece*, December 1921.

¹³⁰⁵ Pound, *The Telephone Idea; FCC, Telephone Investigation* (1937), 4:85-90.

¹³⁰⁶ *FTC Letter No. 22* (1930), 1182.

¹³⁰⁷ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 151; Examination of Samuel T. MacQuarrie, Director, New England Bureau of Public Service Information; Chairman, Public Relations, National Electric Light Association (NELA); Chairman, Public Speaking Committee, NELA; Chairman, Organization of Information Bureau Committee, NELA; in *FTC Letter No. 2* (1928), 166; Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 98; Ralph L. Mahon, "The Telephone in Chicago, 1877-1940," typescript, 144, AT&T-TX.

¹³⁰⁸ "Tell 'Em About It," *Southern Telephone News*, October 1921, 1, AT&T-TX.

¹³⁰⁹ "Los Angeles Window Display," *The Pacific Telephone Magazine*, December, 1916, 11, AT&T-TX.

¹³¹⁰ "Business Office, 3545 East 14th St., Oakland, Calif.," Folder: Pacific Bell-California Prints-by exchange-Oakland-Buildings and Facilities-3545 E. 14th ST. Business Office, 1927-1930, Box 88; Record Group No. 4: Corporate Functions, Conference Proceedings; Collection No. 6: AT&T Corp.; AT&T-TX

intricate window displays at their company headquarters on Michigan Avenue, a street famous for window displays, especially during the Christmas season. Other utilities with less prominent locations leased windows from downtown hotels or retailers in order to increase their exposure to customers.¹³¹¹ Windows displays may have been “small things in and of themselves,” as a Pacific Telephone executive admitted to managers in 1925, “but in the aggregate they are important because of the impression they create in the minds of our customers as to our performance in bigger matters.”¹³¹² As another telephone employee stated in 1922, “no opportunity is ever overlooked...to cultivate further the cordial relations already existing between the company and the public.”¹³¹³

Influencing Regulators

During the Progressive Era through the early-1930s, utility executives also employed the Gilded Age tactics of bribing regulators and legislators. In 1931, the Southern Bell Company placed South Carolina state legislator E.H. Brown on retainer, after which time he flip-flopped from being an ardent advocate of lower utility rates to a defender of existing rates. In 1932, Brown sat shoulder to shoulder with Southern Bell attorneys, defending the company at the very rate hearings that Brown himself had demanded.¹³¹⁴

In North and South Carolina in the early 1930s, utility-board commissioners and their staff members, all the way down to the stenographers, received free telephone service at their homes and offices, while in Alabama and Mississippi, the offer was only extended to the regulators themselves. It is not known how long this arrangement had been in place, but in South Carolina the free service had been provided since at least 1927.¹³¹⁵

Free service and friendly relations with commissioners paid off for utilities. In some cases, commissioners worked directly with telephone managers to present utility matters to the public. A “confidential & to be destroyed” memo, which failed to get destroyed, reveals that a Southern Bell manager and North Carolina utility commissioner strategized in 1932 to manage public rate hearings. They agreed to have two sets of hearings; one for the public and one for the commission. The public meeting, at which a large number of customers and reporters were expected, would include a presentation by Bell managers of a general accounting report that would emphasize the high costs and low earnings of the company. In the memo authored by Southern Bell’s general counsel and found in the files of AT&T’s general counsel, the commissioner recommended that the company “appeal as far as possible to the public in this hearing.” In the subsequent unadvertised meetings, Bell managers would offer a more detailed accounting report for the commissioners’ perusal. Despite the friendly commissioner, the utility board was being “bombarded” by letters calling for a reduction in telephone costs, and the

¹³¹¹ “Peoples Gas Stores,” *The Peoples Gas Light & Coke Company Year Book, 1924*, 24, Box 54, Folder 13, Samuel Insull Papers, Loyola University of Chicago Archives and Special Collections.

¹³¹² Robt. E. Power, “Business Office Management,” in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 3; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T-TX.

¹³¹³ “Selling a Utility Company to the Public,” *Southern Telephone News*, June 1922, 7-8, AT&T-TX.

¹³¹⁴ *FCC, Telephone Investigation* (1937), 4:109-113.

¹³¹⁵ *FCC, Telephone Investigation* (1937), 4:99-100, 102.

commission ultimately voted to reduce hand-set charges from fifty cents to twenty-five.¹³¹⁶

In other cases, telephone executives colluded with state utility commissioners to get friendly commissioners elected. In Mississippi in 1927, a utility-board commissioner acted as a broker of board members and called off a Bell manager who was running for a seat on the board in favor of a Bell attorney who was also running. Another commissioner in Mississippi wrote to a Southern Bell manager in 1930 concerning a rate issue brewing in Jackson that, “if there is anything I can do to assist you I will be glad to do it. This letter is written you in strict confidence.” The Bell manager replied, “I appreciate your attitude in connection with our rate case and will thank you for any assistance you can render.” A few months later the commission granted a rate increase in commercial rates, though not residential rates.¹³¹⁷

When commissioners proved less cooperative, Bell managers attempted to have them removed. In Kansas in 1917, the Southwestern Bell Company wanted to remove a commissioner named Kinkel, and have their candidate, Dr. Lindas, appointed in his place. Lindas wrote to Southwestern Bell’s general manager that, “it would not be a very difficult matter to bump Mr. Kinkel off,” but Lindas miscalculated the situation and Kinkel was reappointed.¹³¹⁸

In other cases, however, utility executives proved successful. In Oklahoma in 1921, the Southwestern Bell Company wanted to remove a commission engineer named Hubenthal because “he questions our Western Electric relations probably more than any other Commission Engineer,” according to the president of Southwestern Bell. A manager at Southwestern Bell advised the company’s vice-president that, “perhaps [we] can work out a way to get rid of Hubenthal” after another commissioner was elected, since neither “he nor his right-hand man like Hube.” Bell officials helped arrange for Hubenthal to be offered the position of secretary of the Oklahoma Independent Telephone Association, which he wanted. But someone informed him that Southern Bell had “engineered his resignation from the commission to get him out of the way,” and a Bell executive had to convince Hubenthal that there was no truth to the rumor.¹³¹⁹

Some utility employees offered money and alcohol to legislators to influence the drafting of laws. In the early 1920s, Robert Prather, the secretary for the Great-Lakes division of NELA, asked Merlin Aylesworth, the executive director of NELA, to bring him a half-dozen bottles of whisky for use in lobbying Illinois legislators. “The legislature is in session here and its looks like a very stormy session,” Prather wrote to Aylesworth, “I could use very handily a little J. Walker to very good advantage.” Prather added that he and Aylesworth would “sweeten the palate of the legislature.”¹³²⁰ The gift might have been especially welcomed among lawmakers since alcohol was currently illegal in the United States. It is not known what specific political errand Prather was on,

¹³¹⁶ *FCC, Telephone Investigation* (1937), 4:91-95.

¹³¹⁷ *FCC, Telephone Investigation* (1937), 4:96-97

¹³¹⁸ *FCC, Telephone Investigation* (1937), 4:99.

¹³¹⁹ *FCC, Telephone Investigation* (1937), 4:97-98.

¹³²⁰ Examination of Robert V. Prather, Secretary-Treasurer, Great Lakes Division, National Electric Light Association; Secretary-Treasurer, Great Lakes Division, Illinois State Electric Railway; Secretary-Treasurer, Illinois Gas Association; Secretary-Treasurer, Illinois State Association; in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), 107-08.

but in 1928, the Illinois legislature rejected a bill to promote municipal ownership, which Prather also opposed.¹³²¹

Perhaps Illinois legislators drank their whisky to the memory of Illinois politician and former regulator, Frank L. Smith. Smith's political career ended abruptly in 1927 after a Senate investigation discovered that Samuel Insull, one of the largest utility operators in the country, had contributed \$125,000 to Smith's campaign shortly before Smith was elected to the U.S. Senate.¹³²² Other utility operators had made additional contributions. Insull's political fixer testified before the U.S. Senate Committee on Campaign Fund Expenditures that Insull had called him one day and stated that he wanted to support Smith and "when you want the money, come and get it." On multiple occasions, Insull handed this power broker envelopes full of cash for Smith's campaign.¹³²³ After hearing these revelations, the Senate refused to seat Smith and he was ultimately forced to resign. At the time of Insull's donations, he was fighting municipal ownership in several towns in Illinois as well as trying to consolidate the streetcar systems in Chicago.¹³²⁴ Perhaps protesting too much, Insull later wrote that he did not give Smith money "because of favors I had received from him when he was Chairman of the Illinois Commerce Commission," the Illinois utilities oversight body.¹³²⁵

Insull's actions appear to have backfired, however. Willis Spaulding, the property commissioner in Springfield, Illinois, observed during his FTC testimony that "regulation of utilities by commission in Illinois has become a scandalous and almost tragic failure since the revelations of the campaign contributions that have been made to Senator Smith." Spaulding added that "the cities of Illinois no longer have any confidence in regulation by our commission on account of the general knowledge of these contributions have large utility corporation." Spaulding's testimony must be taken in context, however, because he formerly served as vice-president of the Illinois Municipal League.¹³²⁶ Still, a decline in public confidence in state regulation was a dangerous proposition for corporate utilities. If government regulation proved a failure, citizens might repeal regulation and opt for a competitive market or government ownership; both of which corporate utilities vigorously opposed.¹³²⁷

¹³²¹ Examination of Robert V. Prather, Secretary-Treasurer, Great Lakes Division, National Electric Light Association; Secretary-Treasurer, Great Lakes Division, Illinois State Electric Railway; Secretary-Treasurer, Illinois Gas Association; Secretary-Treasurer, Illinois State Association; in *Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (1928), 116-17.

¹³²² One hundred twenty-five thousand dollars comes to \$1.7 million in 2014 dollars using the Consumer Price Index to convert; ref. "Purchasing Power Calculator," accessed May 14, 2015, <http://www.measuringworth.com/uscompare/relativevalue.php>

¹³²³ William Z. Ripley, *Main Street and Wall Street* (Boston: Little, Brown, and Company, 1927), 278.

¹³²⁴ Harold Platt, *The Electric City: Energy and the Growth of the Chicago Area, 1880-1930* (Chicago: The University of Chicago Press, 1991), 270-71.

¹³²⁵ Folder 18-12, "7/5/34," Insull Papers.

¹³²⁶ Examination of Willis J. Spaulding, Commissioner of Public Property, City of Springfield, Illinois, in *FTC Letter No. 2* (1928), 11.

¹³²⁷ Although utility executives, following economists such as Richard T. Ely, called their firms "natural monopolies," competition is possible. For example, today, in an era of "de-regulation," telephone carriers must rent their infrastructure to other carriers who compete against each other in the same markets. Similar laws exist in the electricity industry. Also, power generation and power distribution do not need to be coupled together and either one, or both, could be government owned. In the post-New Deal period, after the federal government developed several hydro-electric plants, corporate utilities quickly consolidated

In Missouri, several legislators did try to eliminate the state's utility commission in the early 1920s and many newspaper editors supported the idea. This was one reason why John Sheridan, the Missouri information committee director, labored so incessantly to gain the support of newspaper editors by bribing them with advertising. At the state's constitutional convention in 1922, however, the utilities successfully defended the utility commission, which continues to exist to today. Thankfully for the utilities, they had friends at the convention, including J.F. Hull, the president of the Missouri Press Association and editor the *Maryville Tribune*, who took time away promoting Sheridan's ads-for-articles scheme among editors to serve as a delegate at the constitutional convention.¹³²⁸

Utility executives in many other states lobbied legislators, contributed to campaigns, and defeated government-ownership bills without attracting nearly as much attention as Insull, nor getting as dangerously close to disaster as in Missouri. In a 1927 memo headed "Please do not quote directly," the Georgia information committee described the "remarkable success" that former state legislator, E.H. Griffin, had in lobbying his former colleagues. Griffin and his corporate utility employers opposed a series of water-power bills sponsored by the Municipal League of Georgia and these bills ultimately went down in defeat.¹³²⁹

What is most surprising about these cases of underhanded influence, is not that corruption still occurred, but how little of it utility executives appear to have engaged in after the first decade of the twentieth century. There may have been more of it than currently known, but utility executives, even when talking among themselves, frequently stated that bribery and other forms of corruption could no longer be relied upon to secure franchise permits and rate increases if public opinion opposed the measures. Utility executives believed that, ultimately, the decisions of government officials had to conform to public opinion or they could not stand.

Conclusion

Starting in the Progressive Era, the public relations of monopoly utilities shifted from bribing the few to persuading the many, including high school students, movie-goers, civic clubs members, professors, and housewives. As the number of people utilities needed to influence increased, the scope of public relations by corporate monopolies expanded as well, until it covered advertisements, articles, textbooks, popular histories, movies, radio shows, school lectures, and public speeches. "Make sure we are leaving no stone unturned," AT&T vice-president E.S. Wilson urged a Michigan Bell executive

their control of distribution so that even with some government-production there would not also be government distribution.

¹³²⁸ Examination of John B. Sheridan, Secretary, Missouri Committee on Public Utility Information, in *FTC Letter No. 5* (1928), 48-49, 97, 99.

¹³²⁹ Examination of Rob Roy McGregor, Assistant Director, Illinois Committee on Public Utility Information, in *Letter from the Chairman of the Federal Trade Commission Transmitting in Response to Senate Resolution No. 83 a Monthly Report on the Electric Power and Gas Utilities Inquiry, No. 2, Filed with the Secretary of the Senate, April 16, 1928* (Washington, DC: Government Printing Office, 1928) (hereafter *FTC Letter No. 2* (1928)), 158, xxv; Examination of E.H. Griffin, owner of Bainbridge, Georgia *Post-Searchlight* and *Colquitt Sun*, in *FTC Letter No. 28* (1931), 65-66, 70.

regarding “educational work” in 1920.¹³³⁰ Wilson’s statement characterized the thoughts of not just the Bell System, but all corporate utility executives in the 1920s.

¹³³⁰ Federal Communications Commission, *Telephone Investigation, Special Investigation Docket No. 1: Report on Control of Telephone Communications (Pursuant to Public Resolution No. 8, 74th Congress)* (June 15, 1937) (hereafter *FCC, Telephone Investigation (1937)*), 4:56.

Conclusion: Courtesy Mattered Most

One day, while doing research for this dissertation, I received an email from the Pacific Gas & Electric Company (PG&E), which supplies electricity to my Berkeley apartment. Would I like to join their “online community” called “Customer Voice” in order to help them improve their service? My first thought was that I did not want to be bothered with these ridiculous emails. The company had not been nearly so solicitous when I had requested access to their archives. But my second thought was, of course I want to see how courteous capitalism has evolved in the twenty-first century. I replied to the “online community manager” of PG&E’s “customer experience team” and filled out a lengthy survey about my age, race, education, income, and consumption habits. I never heard from them again.

Apparently, the company no longer sought to influence the opinions of academics. Yet PG&E’s request for customer feedback was not new. As early as 1908, William G. McAdoo had invited his subway passengers to complain directly to him if his company’s customer service fell short of passengers’ expectations. Scores of streetcar, electricity, and telephone executives followed McAdoo’s lead as a way to enforce their own version of McAdoo’s “public be pleased” policy. Soliciting customer feedback provided both a cathartic outlet for dissatisfied customers and a way to control workers. Furthermore, as McAdoo and his followers hoped, if customers could be taught to direct their complaints through the proper channels—i.e., to the company and not to regulators or politicians—then utilities could consummate the customer-corporate marriage to the exclusion of the government. The government could better serve as a parent blessing the marriage than as a jealous partner trying to cut in. The email I received from PG&E descended from McAdoo’s theories and inherited his logic.

Utility executives continued to elaborate and refine McAdoo’s ideas throughout the 1910s and 1920s. During these decades, managers trained tens of thousands of cashiers, clerks, conductors, meter-readers, operators, tree trimmers, and repairmen in every aspect of customer service. Through demonstration plays, training manuals, personal instruction, company bulletins, employee magazines, and corporate schools, service workers learned to play their part in improving public opinion toward monopoly capitalism. By the crash of 1929, nearly everything about employees’ behavior fell under managerial control, including workers’ phrases, smiles, body language, eye contact, clothing, hair, nails, and breath.

To enforce the bureaucratic control of employees’ emotions and behavior, executives developed new surveillance methods. In addition to managerial supervision and customer supervision, utility executives sent mystery shoppers into their commercial offices to secretly grade employees on their behavior, knowledge, and looks. Executives also hired business consultants to poll customers regarding their antimonopoly sentiments. The results of these samples led executives to one conclusion, that employees needed more courtesy training.

Utility architects and engineers also contributed to the surveillance and grading of employees by designing offices, operating rooms, and streetcars to facilitate maximum supervision and customer service. Switchboard engineers designed telephone operating rooms in a U-shape and placed supervisors and the chief operator in strategic visual locations. In addition, switchboard designers incorporated lights and circuits that allowed

supervisors to see if operators were on a call and listen in when operators spoke with customers. Commercial office architects at both telephone and electricity companies also fostered surveillance through design. In contrast to late-nineteenth century utility offices, open offices arranged workers in a grid in which all workers faced the customer entering the office, rather than facing away from customer or toward a window. The higher the rank of the employee, the further from the customer-service counter they could sit, the less emotional labor they had to engage in, and the more they could literally oversee their subordinates without easily being seen. To further supervise commercial employees, the Bell System embedded microphones into the desks of its clerks so that managers could listen in on customer-clerk conversations from a separate room.

Such surveillance would prove unnecessary, however, if clerks monitored themselves. To accomplish this, executives developed an ideology that sought to counter any objections to the demands of courteous capitalism. This ideology emphasized loyalty, cooperation, and patriotism and downplayed competing American values such as independence and individualism. Especially aimed at male service workers, this ideology suggested that to selflessly and defenselessly serve customers, even in the face of rude customers, not only reflected a gentlemanly deportment, but also the virtues of Christ, “servant of ye all.”¹³³¹

To further justify courtesy, executives created a secularized corporate belief system that espoused the existence of a “spirit of service.” As constantly testified to by managers and employees, this spirit inspired workers, blessed companies that encouraged its presence, and could be felt by customers when the spirit was strong. Employees who resisted the demands of courteous capitalism or failed to cooperate with their co-workers, violated not only the expressed will of their bosses, but also the spirit of service. At corporate utilities, the Protestant work ethic and a spirit of capitalism took on an explicit form in order to encourage the self-monitoring of employees.

The dogmatic ideology, intense surveillance, and rigorous performative demands at utilities profoundly impacted the work experience of clerks. In implementing courteous capitalism, utility executives no longer wanted their clerks to merely do their jobs, they wanted them to be happy about it too. As a result, utility service workers lost control of their own emotional expressions and were forced to elicit the correct feelings at the correct times—empathy, patience, and courtesy toward customers. To accommodate these demands, some employees merely engaged in “surface acting” while others engaged in “deep acting.”¹³³² But still others fully self-converted to the supercilious and obsequious service role that utility executives had cast for them. These service employees were no longer acting at all. In these cases, the pressure of managerial surveillance, the lack of available job alternatives, and the mental pressure of the corporate ideology and the spirit of service combined to precipitate self-conversion. When this happened, as managers noted, the converted employees began proselytizing their co-workers. The work of controlling that employee was complete.

¹³³¹ Edward H. Mulligan, “Courteous Service,” *Edison Current Topics* 4, no. 7 (July 1915): 127, Box 308, Folder 4, Southern California Edison Records, The Huntington Library, San Marino, California. (hereafter SCE Records).

¹³³² Terms used by Arlie Russell Hochschild, *The Managed Heart: Commercialization of Human Feeling* (Berkeley, University of California Press, 1983), 33, 35.

Yet, the ultimate goal of courteous capitalism was not to control the behavior of workers, but to increase the good will of customers. Customers had demanded political reform, so utility executives launched a counter-reform. Customers had targeted monopolies, so executives targeted customers through the implementation of courteous capitalism. Stuck in the middle, service employees grasped at the ever-decreasing autonomy of their own souls.

How then does the capitalist economy affect interpersonal market interactions? Can the political structure of an economy help explain the treatment that customers receive from clerks? To put this in international terms, are some cultures “cold” while others are “warm,” as is often reported by tourists with a predilection for taking national temperatures? Or, are the attitudes expressed by people in market settings the products of the political structures they labor under?

It has been reported to me that setting up a phone line in France can take months rather than days. Decrying the delay at one of the state-owned telephone offices may meet with a swift rebuke from an angry clerk. My AT&T internet installation, in contrast, took much less time. I went to their commercial office (which was designed in the open style) and ordered the service. The company quickly mailed me a modem and router and when those did not work properly, AT&T dispatched a nice-enough repairperson who fixed the problem and gave me the hardware for free. One might be tempted to explain these contrasts as reflecting a difference in national cultures. But are visits to DMVs in the United States that different from visits to a French telephone office? Perhaps the real difference is not in the temperature of their national cultures, but in political structure of their markets.

Yet even if the political structure of corporate utility services leads to courteous customer service, is that courtesy a desirable outcome? Customers may loathe the customer service they receive from government employees, paid by our tax dollars, but do customers want courteous service even if that means being treated hypocritically? Clerks at the DMV may dish out rude treatment, but at least they are sincere. Many do not like their jobs and do not act like they do. In contrast, clerks at corporate utilities often do not like their jobs either, but pretend that they do. Are not these corporate employees behaving in a hypocritical manner, acting one way while feeling another? And are not we, as customers—so ready to complain to their manager or yelp online—forcing clerks to do this? Yes, we may admit, we do demand courteous service. But we are the customers! It is our money we are spending, we may protest! Yes, it is, and our opinions influence, not only the structure of the market, but also our ability to have sincere interactions with others.

Is there any solution? Is there any way to provide utility service that is both courteous and sincere? There did not appear to be any way to utility executives in the first third of the twentieth century. This was the contradiction of courteous capitalism. The more executives tried to proceduralize sincere courtesy, the less sincere it became. Yet this contradiction did not undermine the success of courteous capitalism. Encouraged by deference and courtesy from clerks, American consumers in the 1910s and 1920s, relinquished their antimonopoly sentiments, lost faith in the free market, and settled instead for a belief in the privatized market, even when that market was monopolized. In return, Americans received courteous, hypocritical, corporate service rather than rude,

sincere, government service. We live today with their legacy and the artificiality of our market interactions reflect it.

In addition to courteous capitalism, executives developed other strategies to defend corporate utilities. Executives also sought to improve public opinion by redesigning the commercial offices in which courteous customer-service interactions took place. To do this, utilities removed the bars, grating, and glass that separated customers from clerks. In the mid-1920s, Bell System architects extended this revolution in corporate architecture by removing the counter altogether. Upon entering these “counterless offices,” as managers called them, customers were greeted by a “first contact clerk” who ushered customers to the desk of an available desk clerk. The desk clerk had been trained to stand when greeting customers, sit only after the customer had sat, and to treat customers in the most pleasant and polite ways.

Streetcars and streetcar stations were also designed to maximize customer satisfaction rather than maximize corporate profits, as had been the case in the late-nineteenth century. Well-lit platforms, wide staircases, and comfortable cars sought to put the public at ease with the monopolization of urban rail transportation. Streetcar engineers also added features to cars to relieve the physical strain on conductors so that conductors would be in a better mood to serve passengers. Cost, mechanical efficiency, and output were not the only design criteria that engineers considered when developing utility equipment. Under the auspices of courteous capitalism, utility engineers elicited courtesy by design.

While visiting a local utility office, customers encountered the design aesthetic of corporate domesticity, which draped the giant monopoly in the garb of a middle-class home. Comfortable furniture, soft colors, subdued lighting, controlled temperatures, and noise-muffling materials created a relaxed environment that put customers at ease with monopoly capitalism. These elegant spaces closely matched those later used by environmental psychologists to prove what utility managers had already instinctually believed: that beautiful interiors create feelings of calm and trust within occupants. Although executives did not have these scientific findings available to them, they modified their corporate spaces to obtain similar results. Antimonopoly sentiment declined in the 1920s partly due to unconscious customer reactions to pleasing corporate spaces.

The exterior architecture of branch offices also sought to please customers by adopting the popular design motifs of each office’s regional and neighborhood setting. Rather than trying to stand out like skyscrapers, utility branch offices sought to blend in with the local architecture and values. If utility offices appeared indistinguishable from the homes in their surrounding neighborhoods, residents might think monopoly capitalism also fit naturally into the political economic landscape.

To further promote the permanence of corporate monopolies, utility executives forced their employees to sell stock at local offices and door-to-door. Especially in areas where antimonopoly sentiment had traditionally run high, such as the West and South, utility employees sold customers utility stock, often on the installment plan. Millions of Americans receiving generous quarterly dividends was sure to dissipate antimonopoly sentiment, executives reasoned. Compared to ensuring the survival of the firm, raising capital counted as a fringe benefit. Once customers bought into their local monopoly utility, utility publicists kept these part-owners in a constant supply of company

magazines, annual reports, and invitations to corporate events where the progress and contributions of “your company” would be proclaimed.¹³³³ Using face-to-face selling methods, utility employees sold stock to twenty percent of the total number of shareholding Americans by the crash of 1929. This supply-side social history helps explain both the crash and the shift in popular attitudes toward monopolies that preceded it.

Often by advertising stock, yet with other ads as well, utility managers extensively bribed newspaper editors to publish articles favorable to corporate monopolies. This ads-for-articles scheme secured hundreds of thousands of column-inches worth of newspaper print, often in small-town papers that were conveniently poor and located in areas with municipal ownership battles. It was a delicate task to proposition a newspaper editor, since most were proud and opinionated, but with a little coaching and a lot of advertising, utility managers often succeeded in having their way in the pages of newspapers. This form of publicity, which did not go away in the 1920s, make newspaper articles a difficult source for historians to use as evidence for the beliefs of people toward monopolies. Letters to the editor, editorials, and front page articles, even those undersigned by editors, often had their true authorship in the offices of utility publicists. If blatant bribery of city council members went down in the 1920s, bribery of newspaper editors almost certainly went up. And many utility publicists could not find anything wrong with that.

Since people formed their opinions from other sources in addition to newspapers, utility managers also sought to influence the content of school textbooks, lesson plans, college syllabi, lectures, Chautauqua speeches, movies, and popular books. In some cases, utility managers from across the various monopoly industries, including streetcar, electricity, and telephone representatives, worked together to control the sources of public opinion right at their origin. This was not a centralized conspiracy. Centralized control would not have leveraged the local knowledge and relationships that proved central to the success of these efforts. In the case of schools, books, and speakers, utility managers personally visited individual teachers, publishers, event organizers and pressured them to change their material about utilities. At the same time, utility manager produced their own books and lectures by hiring authors and developing their own employees in local speaker corps. Just by speaking at civic clubs in the 1920s, utility employees reached nearly fifteen million Americans, or over ten percent of the total US population, if there was not much audience overlap. In 1929 alone, AT&T-produced films had been seen fifty million times in movie theaters, though the audiences probably did not know they were viewing propaganda since AT&T kept its sponsorship secret.

Although executives viewed publicity as hugely important, they believed courtesy was even more important in shaping the public’s attitude toward monopoly utilities. “We advertise, of course, in the mediums at our command,” stated the editor Michigan Bell’s employee magazine in 1922, “but our service is our greatest advertisement.”¹³³⁴ “Render a service which will impress....that is the best kind of advertising we can secure,”

¹³³³ *Annual Report, of the Directors to the Stockholders for the Year Ending December 31, 1924: American Telephone & Telegraph Company* (New York, 1925), 9.

¹³³⁴ “Building and Telling of It,” *The Mouthpiece* 5, no. 3 (March 1924): ii, AT&T Archives and History Center, San Antonio, Texas.

advised a 1922 NELA report.¹³³⁵ “Our advertising, our display windows, and other methods of publicity, are useful in educating the public,” noted the editor of the *Southern Telephone News* employee magazine in 1922, “but, greater than all of these, is the fact that there are thousands of people on our payrolls who come in contact every day with the public.”¹³³⁶

The evaluation of courtesy as more effective than print in molding public opinion was shared by many executives. As an electricity executive in Boston summarized in 1922, “actions speak louder than words” when it came to convincing consumers that corporate utilities were in the customers’ best interest.¹³³⁷ “There is no more splendid vehicle to carry the message of the company to the public than the man on the cars,” declared a streetcar executive at an industry conference in 1922, “satisfied, courteous and interested traction workers are becoming a fixed thing in Brooklyn. The story they tell—more effectively by their course of conduct than by any other means—is one of the greatest agencies in informing the general public of the actual attitude of management.”¹³³⁸ After discussing tours, demonstrations, movies, and speeches, the author of a Pacific Telephone & Telegraph Company training manual noted, but “the day-to-day contacts are undoubtedly the greatest single factor in maintaining and promoting good mutual understanding.”¹³³⁹ As J. David Houser summarized in 1930 after interviewing thousands of utility customers, “the treatment of the utility customer, as he comes into our office...determines to an overwhelming extent what the customer will say and feel about the service as a whole...and the way that customer feels about service as a whole,” Houser added, “is far and away the largest single influence on the way he feels about the matter of private or public ownership.”¹³⁴⁰

Print did not even rank second to courtesy in its public relations value, in the minds of utility executives. They believed that any kind of face-to-face interaction, such as speeches at civic clubs, was more effective than advertising. “The spoken word is much more convincing than the written word,” stressed the president of the Georgia Railway and Power Company at an AERA meeting in 1922, even though he authorized hundreds of thousands of dollars annually in advertising and philanthropy.¹³⁴¹ “Try it,” he

¹³³⁵ “Report on Commercial Service and Relations with Customers Committee,” *Proceedings of the Forty-fifth Convention of the National Electric Light Association*, First Commercial National Section, Monday, May 15, 1922, (New York: National Electric Light Association, 1922), 1:361.

¹³³⁶ “Tell ‘Em About It,” *Southern Telephone News*, October 1921, 1, AT&T Archives and History Center, San Antonio, Texas.

¹³³⁷ W. H. Hamilton, discussion about S. M. Kennedy’s pamphlet “Service,” Second General Session, May 20, 1920, *NELA Proceedings* (1920), 59.

¹³³⁸ C.E. Morgan, General Manager, Brooklyn City Railroad Company, “Telling Your Story Through Employees,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 173.

¹³³⁹ “The Work of the Commercial Department: Part I: A Reading Assignment,” in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 18; Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

¹³⁴⁰ J. David Houser, J. David Houser & Associates, “Employee-Customer Relations,” *American Gas Association, Twelfth Annual Convention, October 13-17, 1930* (New York: American Gas Association), 737.

¹³⁴¹ P.S. Arkwright, President, Georgia Railway and Power Company, “Public Speaking as Publicity Medium,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric

encouraged executives regarding public speaking, “it will bring you into contact with your customers. It will personify the railroad to them in your own individuality.”¹³⁴² The Pacific Telephone & Telegraph also ranked courtesy above print. In a reading assignment for employees regarding advertising, the company observed that “no matter how much advertising space we fill with type and pictures...and no matter how many bulletins and pamphlets we may print...the finest and most effective form of advertising is the personally spoken recommendation of one person to another.”¹³⁴³ This belief in the power of personal recommendations was shared by other utility managers who tried to simulate personal recommendations by publishing letters from customers as well as so-called “chat ads.”¹³⁴⁴

Direct mail advertisements were also not very effective in the mind of some executives. In a consulting session with executives in 1922, Samuel Kennedy, the public relations vice-president of the Southern California Edison Company stated: “You know that the average individual does not read the printed literature that comes to him, and it is pretty hard to send a personal letter to each individual. Even a personal letter” may be read “but the benefit is infinitesimal compared to the personal contact”¹³⁴⁵ If department store magnate John Wanamaker believed half his money on advertising was wasted but famously did not know which half, utility executives were even more skeptical about the value of advertising.

Some in the utility industry even downplayed the value of articles. A Pacific Gas & Electric employee stated that individual customers often come in and complain about the company’s faults and “as proof positive of this, the kicker will cite articles he has read in the newspapers, showing up the corporation’s base methods. Yet when questioned closely as to his general belief in the truth of many statements made on other subjects by the press, he will frankly acknowledge his doubts.”¹³⁴⁶

Courtesy ranked even higher than providing quality physical service in its influence on public opinion regarding utilities, according to many industry insiders. In 1922, a utility commissioner observed that “it is not poor engineering practice or plant troubles which irritate the gas-consuming public today, but uncivil treatment at the hands

Railway Association), 175; Examination of P.S. Arkwright, President, Georgia Power Co., in *FTC Letter No. 28* (1931), 100.

¹³⁴² P.S. Arkwright, President, Georgia Railway and Power Company, “Public Speaking as Publicity Medium,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 175.

¹³⁴³ “Public Relations and Publicity: A Reading Assignment,” 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 14, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.

¹³⁴⁴ “Publicity Happenings,” *American Gas Association Monthly*, June 1922, 345; Labert St. Clair, Director, Advertising Section, American Electric Railway Association, “Getting the Public Eye and Ear,” *American Gas Association Monthly*, January 1922, 30.

¹³⁴⁵ “Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921,” Box 289, Folder 26, Southern California Edison Records, The Huntington Library, San Marino, California, 42.

¹³⁴⁶ James Clements, Solicitor, Oakland District, “Interviewing Dissatisfied Customers,” *Pacific Gas and Electric Magazine* 1, no. 9 (February 1910): 405.

of clerical employees in the gas company's offices."¹³⁴⁷ In 1929, a Philadelphia streetcar executive told colleagues at an industry conference that "the railway is judged not so much by the equipment or the smoothness of its road bed, as by the feeling aroused by the ticket agent or the conductor."¹³⁴⁸

Scholars have been less keen than executives to recognize the importance of face-to-face interaction. Dealing primarily in print sources, scholars have naturally emphasized the importance of print. Yet some historians and media studies scholars have gone as far as to imply that given all the advertising done by corporations, a large-scale brain washing of the American public took place in the 1920s. Stuart Ewen's book *PR! A History of Spin*, for example, provided an intellectual history of the idea of manipulating public opinion, but when discussing actual practitioners in the 1920s, Ewen focused on the public relations agent, Edward Bernays, who claimed to be able to influence public opinion using sentimental and colorful advertising images. Consumers must be made to feel, Bernays believed, following his theoretical predecessors who dismissed the Enlightenment notion of a rational public and favored instead the belief that "the crowd" could be manipulated using print-based appeals to emotion. The rational public was dead, they believed, and publicists could therefore skip appealing to rational consumers. Yet whatever Bernays may have claimed about "engineering consent"—the title of one of his works—most utility executives did share his belief that the majority of Americans would go hook-line-and-sinker for the claims of advertisers.¹³⁴⁹

Consumers were simply not as pliable as Ewen and his social theorists believed. Americans understood that the advertisements they saw in newspapers and magazines were paid content and written and illustrated to appeal to them. Ads were transparent to American readers. Utility publicists and executives recognized this and deprecated an over-reliance on advertising for that reason. In 1927, Robert Hofer of the Hofer news service wrote to a Baltimore gas and electricity executive that "the greatest value of our service to the utilities is the fact that the people are reading something about public service companies other than what is sent out directly by such companies."¹³⁵⁰ An electricity executive from Oregon, W.H. Hamilton, told colleagues at the NELA convention in 1920 that "clever publicity articles in the press and other publications and public speeches by officials of the company create a certain amount of good will and friendliness," but "due to the very fact that such utterances emanate from the executive heads of the company, they are often taken with more than a 'grain of salt.' Many of them are 'over the heads' of the vast majority of the company's customers, and a still greater majority never hear the speeches or read the articles. Their usefulness therefore, is somewhat limited." Rather than print and speeches, Hamilton stressed courteous service. "When a customer has encountered a friendly attitude toward him, time after time, in his

¹³⁴⁷ J.S.S. Richard, City Editor, *Philadelphia Public Ledger*, paraphrasing an unnamed source during Richard's speech to the Fourth Annual Convention of the American Gas Association, October 29, 1922, "Public Relations," *American Gas Association Monthly*, December 1922, 735.

¹³⁴⁸ H. L. Donaldson, Philadelphia Company and Affiliated Corporations, "Appendix A: Training for Better Public Contact," in *Public-Contact-Training Methods and Principles: Experiences of Member Companies Presented and Discussed at the Chicago Conference, September, 1929: A Report of the Industrial Relations Committee, Public Relations National Section* (1929), 7.

¹³⁴⁹ Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996), 71-72, 127, 144-45.

¹³⁵⁰ Examination of Robert M. Hofer, manager, E. Hofer & Sons, in *FTC Letter No. 7* (1928), 245-46.

contact with nearly all of the company's employees, he...feels that the company is fair and trustworthy, and he is prompted to reciprocate."¹³⁵¹

If clerks, conductors, and operators provided courteous service to customers, executives believed, than advertising could help support those efforts. But if employees failed to mind their manners, than advertising would fail, no matter what. "Advertising is not a magic wand to be successfully wielded by whomever may buy it," declared the advertising director of AERA in 1922, "rather it is a hoe with which one may till the soil of public sentiment...Seeds of empty promises, sprung from years of poor service and general indifference, never will produce bountiful crops. But when the seed is good the hoe will help."¹³⁵² As the editor of the *American Gas Association Monthly* declared in 1922, "the foundation of substantial business is *good service* and if we fail there, no amount of intensive sales effort or publicity will overcome the lack of it."¹³⁵³ A Pacific Telephone & Telegraph manager informed other managers in 1926 that "advertising material might be issued in any quantity and in the very best copy form, but if it is not supported by adequate service it is likely to be ineffective."¹³⁵⁴ After studying the question, "Does Advertising Pay?" a committee of the American Electric Railway Association (AERA) concluded in 1927 that "advertising and publicity alone will not bring prosperity to the electric railway or any other industry. There must also be good service." The commercial manager of the Pittsburgh Railways Company added a similar condition to advertising. "I am convinced that we can, through the medium of advertising, reduce expenses, increase business, and materially improve public relations," he noted, "if the written word is backed up by performance."¹³⁵⁵ As Samuel Kennedy told executives regarding courtesy 1921, "it pays to advertise, *but you've got to have the goods*."¹³⁵⁶

When executives did advertise, they frequently did so as a way to control clerks. As JoAnne Yates has shown, companies used internal communication, such as written instructions to service workers, to improve customer service.¹³⁵⁷ Yet companies also used external communication to customers as a means to control workers. By informing customers how employees were supposed to behave, customers could demand the advertised courteous service advertised or report the offending employees. And once employees knew that customers knew how they were supposed to behave, employees would be more likely to behave as their employers directed. "We tell the people that they

¹³⁵¹ W. H. Hamilton, discussion about S. M. Kennedy's pamphlet "Service," Second General Session, May 20, 1920, *NELA Proceedings* (1920), 58.

¹³⁵² Labert St. Clair, Director, Advertising Section, American Electric Railway Association, "Getting the Public Eye and Ear," *American Gas Association Monthly*, January 1922, 24.

¹³⁵³ "Signs in the Air," *American Gas Association Monthly*, January 1922, 33. Italics in the original.

¹³⁵⁴ P.E. Davis, Commercial Supervisor, "Advertising," in *Meeting of Managers* (San Francisco: Pacific Telephone and Telegraph Company, March 30, 1926), 2; File: Pacific Bell Company Leaders Executive Office Files, Conference, 1925, 2 of 8; Box 10; Record Group 5; AT&T-TX.

¹³⁵⁵ "Does Advertising Pay?, *Proceedings of the American Electric Railway Association, 1927* (New York: American Electric Railway Association), 327, 324.

¹³⁵⁶ Italics in original. "Transforming Public Opinion: An Address by Mr. Samuel M. Kennedy, Vice-President Southern California Edison Co., Los Angeles, California, Before the Convention of Managers and Executives of the Management Division of Stone & Webster Inc., Held in Boston, October 10-18, 1921," Box 289, Folder 26, SCE Records, 8.

¹³⁵⁷ JoAnne Yates, *Control through Communication: The Rise of System in American Management* (Baltimore: The Johns Hopkins University Press, 1989), 107-08.

have a right to fair and courteous treatment from us at all times,” explained the president of the Rochester Gas & Electric Company in the *American Gas Association Monthly*, “by so doing, we exert a salutary influence upon the operations of our employees who follow our publicity very closely and who are therefore repeatedly reminded of what is expected of them in their dealings with the public.”¹³⁵⁸ In 1928, AERA’s Committee on Employee-Customer Contact found that “newspaper advertising can be utilized to advantage in a systematic display program, portraying the duties of the individual employee and designed to promote friendly cooperation between the trainmen and the public.”¹³⁵⁹ The Market Street Railway Company of San Francisco provided maps to customers, on the bottom of which read: “You can help us give courteous service by reporting conductors and motormen who are unusually helpful and careful. We want to know the men who are most successful in living up to our motto; Care, Comfort, Courtesy.”¹³⁶⁰ The strategy of using print to control employee behavior went as far back as William G. McAdoo in the first decade of the twentieth century who publicized the behavioral expectations of his employees and invited customers to contact him if they had any complaints.¹³⁶¹

In other cases, executives used advertising to influence editors rather than readers. In 1923, when Southern Bell managers learned that subscribers in Mullins, South Carolina, were unhappy with their telephone service, they decided to advertise in the local newspaper, yet not to reach customers, but editors. Managers reasoned that “if we can keep the newspaper editor in a good frame of mind, possibly we will come out all right,” as one telephone manager put it.¹³⁶² Occasionally, advertising could serve two public relations strategies at once. John Sheridan and North Missouri Power Company, for example, purchased a full page advertisement in the *Excelsior Springs Daily Standard* announcing the company’s customer stock ownership program. The advertisement informed readers that they could buy \$100 shares in the power company, yielding seven percent interest, for monthly installments as low as \$5 a month. This was a rational appeal aimed at customers. Yet the ad also served to bribe editors. Three days after the ad appeared, Sheridan succeeded in planting “The Real Value of Public Utilities” as a news article on the front page of the paper. The North Missouri Power Company continued to purchase large ads from the editor of the *Daily Standard* after the news article appeared.¹³⁶³ Advertising in this case supported both customer stock ownership and the planting of articles. Yet once utilities obtained their shareholders, utilities again used

¹³⁵⁸ Robert M. Searle, President, Rochester Gas and Electric Company, “Seventeen Reasons for Advertising,” *American Gas Association Monthly*, June 1922, 345.

¹³⁵⁹ “Appendix O – Report of the Committee on Employee – Customer Contact,” Proceedings of the American Electric Railway Association, 1928: Containing a Complete Report of the Forty-seventh Annual Convention, Held at Public Auditorium, Cleveland, Ohio, September 22-28, 1928 (New York: American Electric Railway Association), 218.

¹³⁶⁰ *San Francisco through the Windows of the White-Front Cars* (San Francisco: Market Street Railway Co., 1920[?]), 9, Bancroft Library, Berkeley, California.

¹³⁶¹ William G. McAdoo, “The Relations between Public Service Corporations and the Public,” lecture delivered before the Graduate School of Business Administration of Harvard University, April 6, 1910, 19.

¹³⁶² *FCC, Telephone Investigation* (1937), 4:62.

¹³⁶³ North Missouri Power Company, “Announcing A 7 Per Cent Non-Taxable Investment,” *Excelsior Springs Daily Standard*, June 12, 1923, 3; “The Real Value of Public Utilities,” *Excelsior Springs Daily Standard*, June 15, 1923, 1; “North Missouri Power Company, “Pave Your Path to Wealth,” (advertisement), *Excelsior Springs Daily Standard*, June 15, 1923, 4, microfilm, State Historical Society of Missouri, Columbia.

print to bombard them with company magazines, political tracts, and annual reports designed to further shape the shareholders' political sentiments toward monopolies.

When utilities failed to advertise intelligently, they could be severely and publically chastised. In 1916, editors at *System: The Magazine of Business* criticized a gas company that spent a large sum of money advertising the idea that its executives were moral men. "Such an effort must have come from...a reluctance to look squarely at the basic fact that the reputation of a service company is made or lost at the complaint counter."¹³⁶⁴ As historian Pamela Laird has shown, such producer-centered advertisements belonged more to the late-nineteenth century, than the early-twentieth century, which favored consumer-centered ads.¹³⁶⁵ But for utility corporations, the Progressive Era not only witnessed a transition from producer-orientated to consumer-orientated ads, but also the addition of courtesy as a major public relations strategy. The shift from the company's viewpoint to the customers' viewpoint in advertising was therefore only one aspect of a larger transition in the mentality of executives. In the Progressive Era, utility executives advertised from the customers' point of view but they did not believe that advertising alone could ever win over customers.

Utilities also simply advertised their own courtesy. This type of advertising shows how deeply executives wanted customers to associate courteous service with their company's identity. A Pacific Gas & Electric Company advertisement from 1922 featured the company's seal, which boasted of "Courteous Continuous Service."¹³⁶⁶ A stock advertisement that was heavily used by AERA members featured the words "Courteous Electric Railway Employees Make Riding a Pleasure" next to a picture of a conductor helping an old woman onto a car.¹³⁶⁷ The advertised motto of the Greenville Gas Company was "Courtesy, Service and Co-operation," while the motto of the Southern California Edison Company since 1905 was "Courteous Treatment, Good Service, Square Dealing."¹³⁶⁸ A 1927 public relations manual for Pacific Telephone & Telegraph employees recommended several slogans to managers that had proven particularly effective in the past, including "Courtesy cultivates cooperation," "The voice with the smile wins," "Service first," and "Serve as you would be served."¹³⁶⁹

¹³⁶⁴ Edward S. Rogers, "Advertising Policies That Hold Customers," *System: The Magazine of Business*, July, 1916, 43.

¹³⁶⁵ Pamela Walker Laird, *Advertising Progress: American Business and the Rise of Consumer Marketing* (Baltimore: The Johns Hopkins University Press: 1998), 376.

¹³⁶⁶ *Journal of Electricity and Western Industry*, August 15, 1922, 14, Box 440, Folder 8, SCE Records.

¹³⁶⁷ "Report of Committee on Publicity," *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 189.

¹³⁶⁸ Image Number "SCE_02_10606," Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California; "Service to the Community," *American Gas Association Monthly*, November 1922, 669.

¹³⁶⁹ "Public Relations and Publicity: A Reading Assignment," 2nd. ed., in *Employees General Training Course: The Pacific Telephone and Telegraph Company, 1927*, 12, Collection 3; Record Group 5: Pacific Bell Telephone Co.; Box 3: Publications—Non-Periodic, 1927; File: Public Relations and Publicity; AT&T-TX.



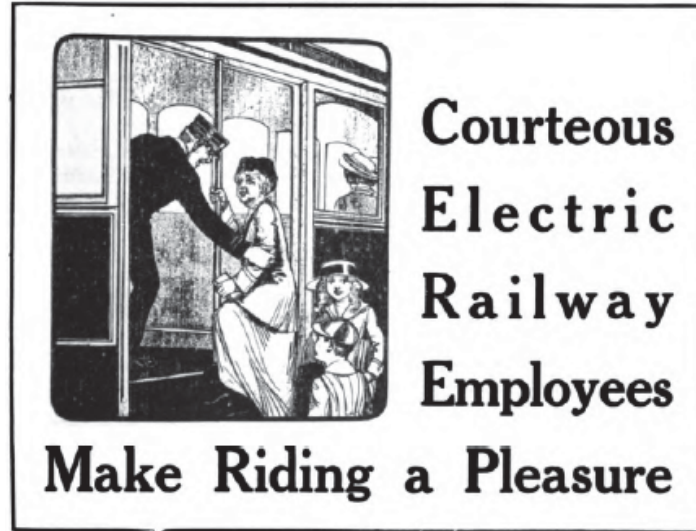
“Courteous continuous service,” the motto of the Pacific Gas and Electric Company, was emblazoned on the company’s seal, as seen in this 1922 advertisement.¹³⁷⁰



The emblem of the Edison Club of the Southern California Edison Company, which featured the company’s motto since 1905: “Courteous Treatment, Good Service, Square Dealing.”¹³⁷¹

¹³⁷⁰ *Journal of Electricity and Western Industry*, August 15, 1922, 14, Box 440, Folder 8, SCE Records.

¹³⁷¹ Image Number “SCE_02_10606,” Southern California Edison Photographs and Negatives, The Huntington Library, San Marino, California.



A stock advertising image that was heavily used by AERA members in the early 1920s.¹³⁷²

The development of courteous capitalism, open offices, customer stock ownership, and publicity represented an important turning point in one of the central political-economic dramas of the United States between the Civil War and the Great Depression—the rise of giant monopolies. Like ink spilled on a map, these new corporate entities spread quickly across the United States, extending their reach across cities and deep into the countryside, disrupting former patterns of social and economic life, and replacing them with new realities of technology and bureaucratic management. In the process, these new monopolies generated a considerable amount of public animosity.¹³⁷³ By supplying transportation, communication, and energy, these utilities provided the crucial infrastructural backbone that facilitated the rapid economic growth of the early twentieth century. Yet, as monopolies, utilities violated a long tradition of antimonopoly sentiment. Many of the most important political-economic debates of the early twentieth century revolved around what to do about these corporate monopolies that sat so uncomfortable line between free enterprise and government ownership. Where would the line ultimately be drawn? Were some monopolies “natural” and even beneficial, as long as they were regulated, or should they be broken up or taken over? To what degree would Americans permit large corporate monopolies to exist?

To resolve these questions in favor of monopoly capitalism, utility executives remodeled their commercial offices, sold stock to customers, and produced immense amounts of publicity. Yet executives never believed that these strategies could replace courtesy in terms of its public relations effectiveness. Open and inviting architecture would not improve customer relations if the offices were staffed by rude clerks. Nor could customer stock ownership dissipate antimonopoly sentiment all by itself. And print matter could not improve public relations if the messages conveyed in print were not

¹³⁷² “Report of Committee on Publicity,” *Proceedings of the American Electric Railway Association, 1922* (New York: American Electric Railway Association), 189.

¹³⁷³ Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: University of Chicago Press, 1999), 37, 267-68, 387-88; Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007), 277.

confirmed by the experience of customers when interacting with clerks. Executives spent millions on architecture, customer stock ownership, and publicity, and they viewed these strategies as very important, but executives viewed them as less important than courtesy. Nothing could replace face-to-face interaction in forming the political sentiments of customers toward monopoly utilities, executives believed. While historians have credited print and finance with everything from forming nations to fashioning consumers, in the case of forming enduring corporate monopolies, courtesy mattered most.

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