

# American Telephone & Telegraph Co.

REPORT OF THE BOARD OF DIRECTORS  
TO THE STOCKHOLDERS  
FOR THE YEAR  
1930



New York  
195 BROADWAY  
1931

American  
Telephone & Telegraph Co.

REPORT OF THE BOARD OF DIRECTORS  
TO THE STOCKHOLDERS  
FOR THE YEAR

1910



New York  
108 BROADWAY

1910

# American Telephone and Telegraph Company

January 1, 1931



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## OFFICERS

### *President*

WALTER S. GIFFORD

### *Vice Presidents*

BANCROFT GHERARDI  
F. B. JEWETT  
E. F. CARTER

E. S. WILSON  
C. P. COOPER  
T. G. MILLER

C. M. BRACELEN  
A. W. PAGE  
ROBERT W. CURRAN

### *Secretary*

A. A. MARSTERS

### *Treasurer*

H. BLAIR-SMITH

### *Comptroller*

C. A. HEISS

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## DIRECTORS

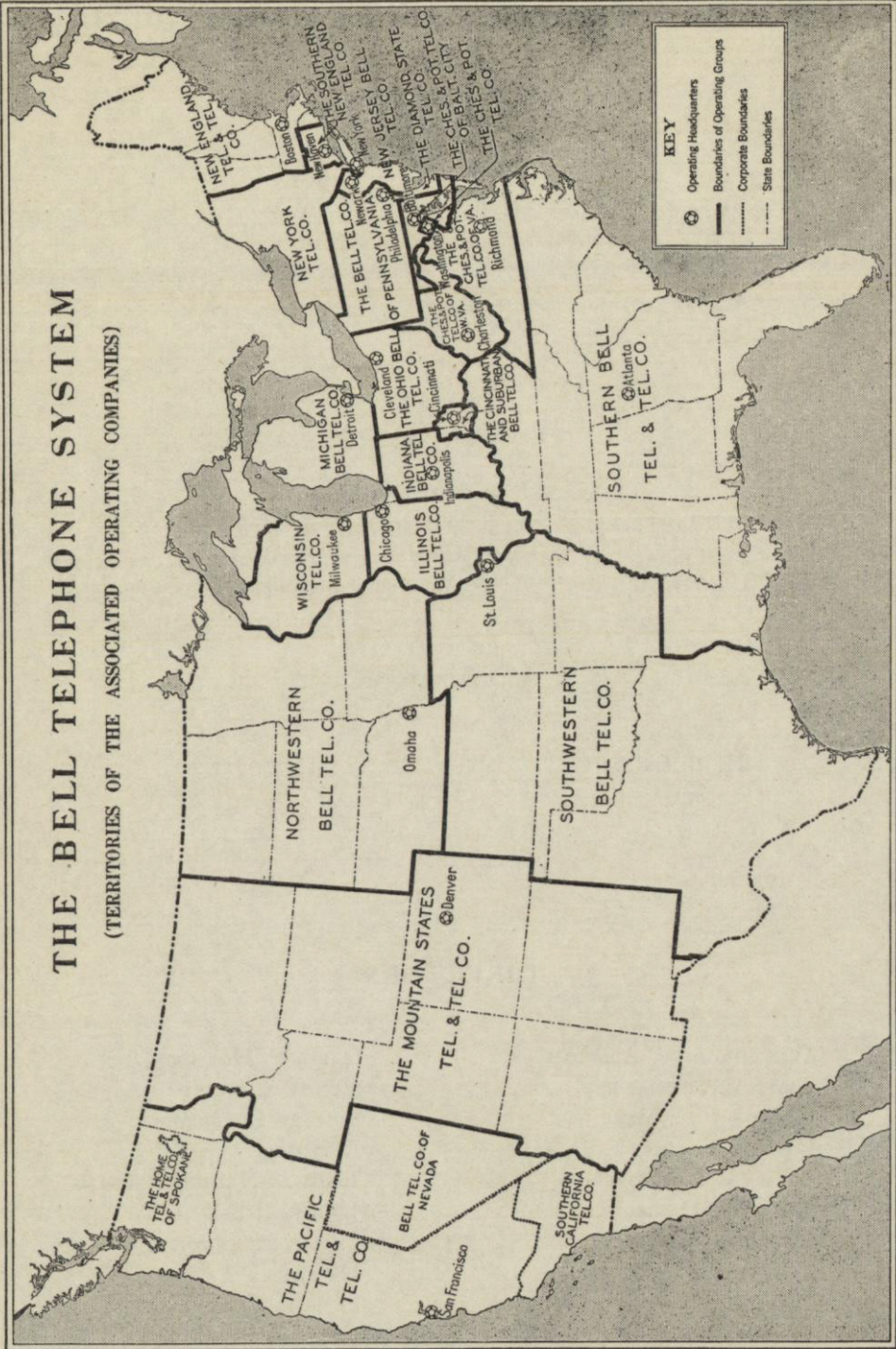
WINTHROP W. ALDRICH  
JAMES S. ALEXANDER  
GEORGE F. BAKER  
GEORGE F. BAKER, JR.  
CHARLES P. COOPER  
JOHN W. DAVIS  
GEORGE P. GARDNER  
WALTER S. GIFFORD  
HALE HOLDEN

DAVID F. HOUSTON  
HENRY S. HOWE  
EDWARD E. LOOMIS  
ARTHUR LYMAN  
THOMAS NELSON PERKINS  
JEREMIAH SMITH, JR.  
PHILIP STOCKTON  
MYRON C. TAYLOR  
EUGENE V. R. THAYER

DANIEL WILLARD

# THE BELL TELEPHONE SYSTEM

(TERRITORIES OF THE ASSOCIATED OPERATING COMPANIES)



**Report of the Directors**  
of  
**American Telephone and Telegraph Company**

New York, March 5, 1931.

TO THE STOCKHOLDERS:

The depression which affected business in general during 1930 inevitably affected the telephone business, but not in a way or to an extent to disturb the fundamental objectives of the Bell System. It has been able to continue to improve and extend telephone service.

There was a net gain in the number of telephones installed of 122,500 which compares with 821,400 in 1929. The total number of local telephone conversations was two per cent and the total number of toll and long-distance conversations was one per cent above 1929.

Average investment in plant and other assets of the System increased 14.5 per cent. Total assets at the end of the year amounted to \$5,000,195,000.

Total operating revenues of the System exceeded those of 1929 by \$33,000,000 or three per cent. The property has been fully maintained and full depreciation charged. Current maintenance and depreciation charges were \$29,000,000 more than in 1929. Total operating expenses, including these charges and taxes, increased \$43,000,000. The net earnings were \$267,874,000, which is \$8,800,000 less than in 1929 and at the rate of 5.8 per cent on the cost of plant and other assets.

The number of stockholders of the American Telephone and Telegraph Company at the end of 1930 was 567,694, an increase of 97,893 for the year.

During the year 2,579,407 shares of stock of this Company were offered to stockholders of record May 23rd and 2,061,897

shares were issued in exchange for convertible bonds. This resulted in an average number of shares outstanding of 15,856,696 as compared with 13,113,746 in 1929. The earnings of the Company per average share outstanding were \$10.44 compared with \$12.67 in 1929.

Confident of the continued economic growth of the country and the even more rapid growth of the telephone business, more than \$15,000,000—which is somewhat in excess of any previous year—was spent for development and research for future improvements, and expenditures for additions, betterments and replacements amounted to \$585,000,000, substantially the same as in 1929 which had the largest construction program for any year in the history of the System.

In order to operate the business with the maximum efficiency and economy in the long run, these programs looking in part to the future were undertaken and the resulting expenses incurred in a time of depressed business.

The management of the Bell System has been guided during 1930, and will continue to be guided, by the policy stated in 1927:

“The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies also imposes on the management an unusual obligation to the public to see to it that the service shall at all times be adequate, dependable and satisfactory to the user. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.”

The construction program of 1930 was planned to take care of the growth of the business, and to carry forward betterments and replacements, such as the change from manual to dial operation, and the change from open wire to cable lines. These were normal. Added to this, in 1930 the System con-

structed plant beyond that necessary for immediate use to provide a greater margin than had existed since the war. Experience with rapid expansion in boom times has indicated the wisdom and economy of putting in a margin of plant in slack times.

Three hundred new buildings and major additions ranging from small one-story structures to modern large combination administration and equipment buildings involving expenditures of \$60,000,000 were completed during the year. Modern in conception these buildings reflect in their substantial character and careful planning something of the System's stability and its regard for the comfort and convenience of its customers and its employees. They also contribute toward the achievement of the ideals of the communities in which they are located.

Some 5,000 miles of additional toll cable were put in use, or one-fourth of the cable mileage in service at the beginning of the year. Seventy-five per cent of the cities of 50,000 or more inhabitants are now connected with the toll cable network.

It was hoped that putting margins into the plant in 1930 would provide continuous work for the construction forces which had been taken on to meet the rapid growth of 1928 and 1929. This was in large measure accomplished for 1930, but as it became apparent that the period of depression would continue into 1931 it became necessary gradually to readjust the forces to a construction program of approximately \$450,000,000 in 1931 as against one of \$585,000,000 in 1930. In places where it was necessary, work has been distributed so far as practical to provide employment for the maximum number of employees.

In the traffic department there has been some reduction in time worked to keep as many employed as possible, but practically no lay-offs except among those hired for temporary periods.

For the forces as a whole there have been no reductions in wage rates, and the amount paid for wages in 1930 was the largest sum in the history of the business. While the number of employees leaving for all causes in 1930 was less than for any one of the previous five years, the employment of new people was so much less than usual that the net result was a reduction in number of employees from 364,045 at the begin-

ning of the year to 324,343 at the end of the year. Including the Western Electric Company and the Bell Telephone Laboratories, there were 394,460 employees on December 31, 1930.

#### RATES

Effective on January 1, 1930, reductions were made in long-distance rates resulting in a saving to telephone users of approximately \$5,000,000 annually.

At the beginning of 1930 rates in San Francisco, which had not been adjusted since before the war, were raised and at the same time rates in Los Angeles were reduced; in New York State the rates which had been in the courts in one form or another for ten years were increased. Neither of these cases for increased rates arose from conditions of the last five years. They had their origin in the violent depreciation in the value of the dollar immediately after the war.

The full economies of mass production cannot be had in telephone service, and as the number of telephones in towns and cities grows, it would cost more to give each subscriber access to a constantly increasing number of telephones in his exchange area, if the technical development of the art did not balance these increased costs. There appears to be no reason in sight why the continued new economies brought about by development in the telephone art should not offset this general tendency toward higher costs which otherwise would accompany extension of the service.

#### SERVICE IMPROVEMENTS AND EXTENSIONS

In the last five years the per cent of Bell System toll wires in cables has risen from 58 to 77 per cent. This transition from open wire is continuing and means not only greater security against interruption by storms but better transmission.

The year 1930 set a new record in accuracy and speed of telephone service, partly due to the larger margins of plant but in large measure to improved operation.

The rapidity with which long-distance calls were completed continued to increase during the year. The per cent of calls handled without the person making the call hanging up the telephone was 82 in 1930 as compared with 70 per cent in the previous year. There have also been improvements in the

