AT&T's Tarnished Brand, May 16, 2018.

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by William Dutton

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The payment by AT&T of over $1/2 million to President Trump's attorney Michael Cohen has tarnished AT&T's reputation and brand. It also raises concerns about the wisdom and competence of AT&T's senior management.

Decades ago, the AT&T brand meant a lot to most consumers in the United States. AT&T owned the Bell System, which supplied telecommunication service as a regulated monopoly. In those old days, AT&T took its responsibility to the public strongly to supply quality service at affordable prices. However, AT&T was broken up and went through various divestitures, until in 2005, what was left of AT&T was acquired by Southwestern Bell. In effect, Southwestern Bell, a former Bell telephone company, cloaked itself in the AT&T identity (its former parent). And now the AT&T brand has been tarnished, as it has been revealed that AT&T paid over a $1/2 million to Michael Cohen, virtually as a gift, with no real work expected or received.

The two large remaining Baby Bells today are AT&T and Verizon, and they usually act in concert. If AT&T paid off Cohen and Verizon did not, a plausible explanation is that AT&T clearly was hoping that Cohen would exert influence to obtain government approval of AT&T's proposed acquisition of Time Warner.

The proposed acquisition of Time Warner by ATT is fraught with questions. Would this acquisition create far too much control over content and the network conduit? Would it be too much vertical integration with no benefit to consumers? What does AT&T know about the entertainment business, other than that its antics certainty seem entertaining?

A. Michael Noll is a retired professor emeritus of communications. His earlier opinion of the AT&T proposed acquisition of Time Warner is at: http://quello.msu.edu/att-goes-hollywood/

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