

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 11, 1936, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Broderick  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on November 10, 1936, (two meetings) were approved unanimously.

Memorandum dated November 9, 1936, from Mr. Smead, Chief of the Division of Bank Operations, submitting the resignation of Miss Mabel V. Holland as a temporary comptometer operator in the Division, to be effective as of the close of business on November 18, 1936, and recommending that the resignation be accepted as of that date.

Accepted.

Letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

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"Receipt is acknowledged of your letter of November 2, 1936, advising of the action of the Board of Directors of your bank in connection with the offer of the Liquidating Trustees of the Fletcher American National Bank of Indianapolis to settle their claim against your bank and requesting the approval of the Board of the payment of \$75,000 in satisfaction of such claim.

"In reply you are advised that, while the Board has not heretofore taken any official action with respect to this matter, it has been kept advised with respect to the claim on account of the system interest which the problem presented, and is pleased to note that it is now being disposed of. The Board, therefore, approves of the proposed settlement which has been authorized by your Board of Directors."

Approved unanimously.

Letter to President Schaller of the Federal Reserve Bank of Chicago as Chairman of the Leased Wire Committee, reading as follows:

"As you know, there has been in progress in the Washington office of the Leased Wire System an operating test of page teletype machines on the Washington-Chicago circuit as compared with tape machines which have been in operation on the New York-Washington circuit. While some mechanical difficulties were experienced with the page machines, the American Telephone & Telegraph Company has insisted that these difficulties could be corrected and it has taken steps which have practically eliminated the trouble and has assured this office that it will be eliminated entirely.

"In connection with this test, the Telephone Company has made an analysis of the business passing through the Washington office and has submitted a recommendation, a copy of which is attached, that the circuits terminating in that office be converted to page teletype circuits. While the written recommendation does not so state, one of the principal reasons for the recommendation is that with the installation of page machines and automatic transmitting equipment it will be possible to reduce by approximately 50 per cent the number of operators required to handle the business passing through the office. The additional cost of page machines as compared with tape equipment is from \$20.00 to \$25.00 per month per operating position depending on the number of spare machines furnished. The Telephone Company operating experts both in Washington and New York who cooperated on the analysis referred to above have assured this office that the savings effected by the recommended

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"installation will far outweigh the additional cost of the page equipment, resulting as stated above in a reduction of approximately 50 per cent in the number of operators required. The company also takes the position that the use of automatic transmission (which permits the correction of errors made in typing a message before the message is actually sent) and the better training of teletype operators will eliminate, to a large extent, transmission errors in telegrams. This is of considerable importance in connection with the use of page machines because of the difficulty in making corrections with that equipment. In this connection, it has been ascertained that the Treasury Department, the Coast Guard, the Bureau of Air Commerce of the Department of Commerce, the Weather Bureau, and the Associated Press are using page teletype equipment exclusively or to a large extent and that the persons responsible for the satisfactory operation of the system strongly advocate the use of page machines.

"The experience of the Washington office is that the finished product of the page machine is much to be preferred over the product of the tape machines and inasmuch as the Telephone Company has taken the position that the installation recommended will result in increased efficiency and a very substantial saving in salary costs, we would like, with the consent of the Federal reserve banks concerned, to carry out the recommended experimental arrangement in the Washington office for the purpose of determining definitely whether the anticipated saving can be made. The matter has been taken up informally with Vice President Coe of the Federal Reserve Bank of New York and he has advised that the bank would be agreeable to the installation of page machines on the New York-Washington circuit as a part of the experimental program recommended by the American Telephone & Telegraph Company. Assistant Vice President Olson of the Federal Reserve Bank of Chicago also has advised informally that he would see no objection to the continuation of the page equipment now in use on the Washington-Chicago circuit for a further period as a part of the recommended program.

"Accordingly, it will be appreciated if the Leased Wire Committee will consider the recommendations of the American Telephone & Telegraph Company and advise the Board as promptly as possible whether it concurs in the suggestion that the recommended changes be made as an experimental installation in the Washington office."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. S. ...  
Chairman.