

FEDERAL RESERVE BOARD

WASHINGTON

X-3051

February 21, 1921.

SUBJECT: Federal Reserve Leased Wire System,

Dear Sir:

The Federal Reserve Board has been advised by the American Telephone and Telegraph Company that the so-called government rates for the lease of the main lines of the Federal Reserve Leased Wire System will be discontinued on July 1, 1921, and that thereafter the rental charged will be on the basis of commercial rates which are 200% of the rates being paid at the present time. The cost of the Federal Reserve Leased Wire System therefore will be increased about \$100,000 per annum July 1, 1921.

In view of the crowded condition of the Leased Wires and the increased cost of the wire system which is soon to take effect, the Board recently made an analysis of the business received and dispatched at the Washington Telegraph office. It was found that a considerable percentage of the business could have been forwarded as satisfactorily by mail, especially to and from those Reserve Banks which are only an overnight distance from Washington, and that many of the messages could have been much more brief and concise. Accordingly, the several Divisions of the Board were instructed to economize as much as possible in the use of the wires. A similar survey was made of the Treasury business at the same time and corresponding instructions have been issued by the Treasury to its various Divisions.

In view of the above, the Board requests that you bring to the attention of the officers and employees of your Bank, the necessity of restricting the use of telegraph wires to business requiring immediate communication, and the desirability of wording messages in concise language.

Very truly yours,

Governor.

TO CHAIRMEN OF ALL FEDERAL RESERVE BANKS.