

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9635



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1936.

Dear Sir:

You will find inclosed for your information a copy of a letter dated June 13, 1936, from President Schaller, Chairman of the Leased Wire Committee, and a copy of the Board's reply thereto, with respect to the recommendations of the Leased Wire Committee that the remaining circuits on the main lines of the leased wire system be equipped with teletype machines.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

Inclosures.

TO ALL PRESIDENTS

X-9635-a

FEDERAL RESERVE BANK OF CHICAGO

June 13, 1936

Board of Governors of the Federal Reserve System
Washington
D.C.

Attention of Mr. Chester Morrill, Secretary

Dear Mr. Morrill:

At the meeting of the Governors' Conference held in Washington on February 5, 1935, the recommendation of the Leased Wire Committee that teletype service be adopted throughout the Federal Reserve Leased Wire System was approved. In your letter of May 7, 1935, it was indicated * * "before anything is done in this direction a determination should be made by the Leased Wire Committee from the standpoint of the System as a whole as to the type of machine that should be used." Pursuant to this suggestion, careful consideration has been given to the practicability of page equipment as compared with tape equipment. Conferences on the subject have also been held with representatives from the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System.

At present tape equipment is in use at the St. Louis, Dallas, San Francisco, Kansas City, Minneapolis, and Chicago offices of the Leased Wire System. The actual experience of these offices has demonstrated that the tape equipment is entirely practicable, and no difficulty is experienced in providing the necessary number of copies. Representatives of the New York bank favor the use of tape equipment and have indicated their willingness to install tape equipment between Chicago and New York at the convenience of the offices concerned. Correspondence with other Federal reserve banks which do not at present have teletype service indicates that while they are not in a position to speak from experience on the subject, they are ready to adapt themselves to the type of equipment that may be recommended by the committee. The Leased Wire Committee is of the opinion that the universal adoption of tape equipment is desirable and believes that it would fully meet the requirements of the System. The representative from the Board of Governors feels that it would be well first to try page equipment between Washington and Chicago, and that as soon as the operating details on that line are worked out the wire from Washington to New York should be equipped with tape machines. Under this arrangement, the Washington office would be in a position to study the service rendered by each type of equipment.

Therefore, it is recommended that -

1. Page equipment be installed on the Chicago-Washington wire.
2. At the convenience of the Washington and New York offices, tape equipment be installed on the Washington-New York circuit.
3. At the convenience of the New York office, the New York-Chicago line be converted into tape equipment.
4. After the Washington office has concluded its study of the tape and page machines, the remaining circuits be converted to teletype at the convenience of the Federal reserve banks affected.

These recommendations are made in the hope that the Washington office will find it practicable to use tape equipment, and that when the conversion of the remaining equipment is made it will be found feasible for all of the banks to adopt tape machines.

Very truly yours,

(Signed) Geo. J. Schaller

Chairman
Leased Wire Committee

X-9635-b

June 30, 1936.

Mr. G. J. Schaller, Chairman,
Leased Wire Committee,
c/o Federal Reserve Bank of Chicago,
Chicago, Illinois.

Dear Mr. Schaller:

Receipt is acknowledged of your letter of June 13, 1936, referring to the approval given by the Governors of the Federal reserve banks on February 5, 1935, to the installation of teletype equipment on the leased wire system and transmitting the recommendations of the Leased Wire Committee that:

1. Page equipment be installed on the Chicago-Washington wire.
2. At the convenience of the Washington and New York offices, tape equipment be installed on the Washington-New York circuit.
3. At the convenience of the New York office, the New York-Chicago line be converted into tape equipment.
4. After the Washington office has concluded its study of the tape and page machines, the remaining circuits be converted to teletype at the convenience of the Federal reserve banks affected.

The Board approves the above recommendations and has authorized this office to proceed in accordance therewith. Arrangements are now being made with the American Telephone & Telegraph Company for the installation of sixty-speed page machines on the Chicago-Washington circuit. After the operating details are worked out on that line, and at the convenience of the Federal Reserve Bank of New York, tape machines will be installed on the Washington-New York and

New York-Chicago circuits, and after the study of the tape and page machines has been completed in the Washington office the change in the remaining circuits will be taken up with the banks affected.

Copies of your letter of June 13 and this reply are being sent to the Presidents of all Federal reserve banks for their information.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.