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 SHERMAN P. ALLEN, ASST. SECRETARY
 AND FISCAL AGENT

ADDRESS REPLY TO
 FEDERAL RESERVE BOARD

Dear Sir:

Replying to your letter of _____ I would state that the Federal Reserve Board is making a careful study of the foreign exchange situation but has not up to this time been able to find any way of overcoming certain obstacles which must be overcome before the desired results could be attained by the establishment of foreign agencies by Federal Reserve Banks. The whole matter is complicated by reason of our participation in the war, as we cannot longer consider the interests of the United States alone, but must consider the whole question from a partnership standpoint. Our foreign exchange transactions are not at present related entirely to our own imports and exports, but are affected also by the transactions of other nations with which we are associated in the war and by the loans which our Government is making to these nations.

Very truly yours

Governor.