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GENERAL

1. US views concerning British dollar crisis--The Department of State has informed US representative Willoughby in Annecy that a US-UK "full dress meeting" to explore the implications of the dollar crisis is being planned for 1 August in Washington. The Department indicates that in his discussions with British officials in London Secretary Snyder will present the following US views: (a) general adjustment of European currency exchange rates, including the British, appears essential in order to raise European dollar earnings and put European products back on a competitive basis in hard-currency markets; (b) though the US recognizes Britain's necessity to reduce the importation of dollar goods drastically on a short-term basis, such British discrimination against dollar imports will in the long run perpetuate the "uneconomic trade pattern"; and (c) the US cannot realistically object under present circumstances to any reasonable British measures designed to curtail dollar imports but must, however, regard the resulting deviations from the 1946 US-UK financial agreement as emergency measures.

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State Dept. review completed

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