



FILE

10 DOWNING STREET

THE PRIME MINISTER

20th Jan 1965

Dear David,

Thank you very much for your further 'report' on the U.S. situation and particularly the \$ £ situation. There is no doubt that for some time now the \$ has been a safe haven for the world's savings and those who hold dollars have done very well as far as

exchange rates are concerned.
Such a situation attracts
more restless currency, unless
interest rates elsewhere are
higher than the U.S. Even then
the psychology is still towards
the U.S. If Europe could be
rid of Socialism for the
foreseeable future - our currencies
would become much more
attractive.

Yours ever
Mayant