

C
O
P
Y

Grand National Hotel
Lucerne
August 10, 1960

Dear Canby:

Spent yesterday evening with Henry Taylor, our Ambassador in Berne, and then met with some 20 of his staff for a go around. Very little to add to my previous notes. Inflow of dollars continues--now over 1 billion Swiss Francs. Manager National Bank in Berne very disturbed about it and they are taking active steps to halt it but to no avail. They are going to charge 1/2 per cent commission on new deposits and limit withdrawals for 6 months. Neither of these measures will be very effective in my opinion but are indicative of their worry.

Some Swiss are very worried about war--again this is the first time I have heard this from responsible people for a long time. Moves by Khrushchev since breakup of summit indicate in judgment of these a willingness to go to war. East Berlin crisis probable starting place. Henry Taylor agrees. Personally I doubt it.

Am convinced no real worry about dollar at the moment. Quite a bit more talk about U. S. recession here. Strangely enough those who believe in this seem to think it assures them of sound dollar and hence want to have dollars for purchases in U. S. when prices decline.

One thing I did not mention in my letter from Strasbourg, i.e. Blessing et al repeatedly said they hoped U. S. Steel people would succeed in selling more steel in Germany. This would be very helpful and prevent German steel people from expanding their productive facilities far beyond anything Wolf et al think they can sustain in the near future.

I am gradually working my way in a leisurely fashion toward Austria and may spend a few days in Vienna next week. I will be back in Bonn around the 20th. Don't bother about communicating with me as I have no fixed schedule and no reservations so just take it as it comes.

(Signed) Bill