Trinity
5.4.33.

My dear Roy,

I should like to know – if you have a moment – whether you can swallow the JMK ~~[illegible]~~ 'foreign balance' doctrine in the extreme arithmetical form now presented (today's Times, and the last chapter of the pamphlet). I am hopeful that your Free Trade bias will put you in revolt against it, as mine does for me! Surely prima facie, and unless all sorts of unstated assumptions are fulfilled, the purchase of £1m worth of Jamaican securities imprisons as much purchasing power, which might otherwise be 'creating employment', as the purchase of £1m worth of Jamaican bananas? (Naturally I choose as non-competitive a thing as I can think of, for nothing is said about the character of the imports). If an adverse balance ~~(takes the form of)~~ is covered by an accumulation of English bank deposits in the hands of foreigners, that, I agree, is a deflationary process: but the proposition is not, I understand, confined to such 'hot money' short-borrowing, but extends to every increase of the favourable or diminution of the unfavourable balance on current account.

Surely in this form it must be tosh! Or am I still wallowing in ~~[illegible]~~ 19th century darkness? Perhaps if I had read your original ch. vi I should know! Perhaps, I mean, having read the revised version, I ought to know!

DHR

CAMBRIDGE 12 ... 6 ...

R. Harrod Esq
51 Campden Hill Square
W8

Dennis ...

Trinity
10. 2. 37.

My dear Roy

(1) As to practice. I am putting you in the Blue Boar, Trinity Street, – which is more comfortable than College, & practically opposite the Great Gate. It will be best if you go there direct, & I will call for you about 7.0 & carry you off to dine at the Theatre Restaurant. Yes, dinner jacket.

On Sunday Piero & Mrs Holland lunch with us, – we take tea with Sir Maurice Amos and my friend Charles Siepmann of the BBC whom you ought to know if you don't – & dine in Hall. That doesn't leave much vacant time, but Kahn wants to see you, – he will be at the Theatre & we can arrange something then.

(2) I will think over the trapped money again before you come. I suppose it is a matter of

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R. Harrod Esq
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Oxford.

words again, but it seems to me to be hoarding – whatever their motives, firms prefer in the new situation to hold real value in the form of money rather than in the form of goods in process. I can't see that it's particularly 'institutional', – a self-financing small producer with no liabilities to the public & no auditor round the corner will be doing the same thing, won't he?

(3) I'm sorry though not surprised that you feel a little sad with the temperature of my review. — I believe one ought only to review books which are a little bit off the line of one's main studies, – then, if they are at all good, enthusiasm comes easily (as it did to me, for instance, in reviewing Sayers in the Journal). In the other case the doubts and differences and impulses to argue almost inevitably thrust the laudatory epithets into the shade. But I wish I <u>had</u> put in a sentence expressing more explicit welcome of your way of looking at the whole problem – which will preserve a

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