

Treasury Chambers,  
Great George Street,  
S.W.1.

July 9, 1942

R.F. Harrod Esq.,  
Christ Church,  
Oxford.

My dear Roy,

I agree that it might well be in the interest of the world that we should have a sufficiently large balance of trade to allow us to re-embark on foreign lending. Maybe an opportunity will arise for bringing this to the attention of the Americans. But it seems rather ambitious to think of doing so before the prior problem is even begun to be solved.

I agree with you about Colin Clark. I wrote to him to much the same effect before the book came out, since I had read it in manuscript; but I have had no rejoinder from him. The extreme absurdity of his conclusion is that he assumes both that the terms of trade will turn enormously against us and that we shall have a sufficiently favourable balance to lend on a huge scale. He has made no attempt at all to consider whether the different facets of his argument are consistent.

Yours,

K.