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case of loud talk and no work on the part of the American Government.

About the loan — I appreciate your conflicting feelings which I have shared in the past. However, I have followed the matter very closely ever since the outrageously abrupt termination of Lend-Lease, and I reluctantly came to the conclusion that, on balance, the loan should go through. Frankly, I never had much admiration for Lord Keynes' economic theories (to the extent that I knew and understood them), but I accept Beaverbrook's opinions on the loan with several grains of salt. The terms of the loan are unquestionably outrageous. The length of the negotiations and the timidity of the American negotiators about congressional opinion thoroughly disgusted me. The reaction in Congress is even worse. All of the good will which might have been achieved by wise and prompt helpfulness by the United States has already been lost. Nevertheless, I hope that Congress will approve the loan, because there is no doubt that our British friends are in a fearful economic situation and they desperately need the money to tide them over these next few years. Moreover, there is no positive commitment to abandon imperial preference. That will depend on American tariff policy.

I wish that it had been possible in the early stages of the loan negotiations for our British friends to have picked up their hats and said, "Very well, gentlemen. We cannot agree, and we shall wait until a more favorable time for the discussion of the problem which is, in the long run, of equal concern to both of us." Unfortunately they felt that they simply could not do that. The next time we are together I shall talk with you at greater length about this problem. Meanwhile, it is still a matter of grave doubt whether Congress will approve the loan. X

Our good friend, Sir Gerald Campbell, is returning to England next week, after a brief visit to Canada to see his married daughter. I am giving a small luncheon for him today, and wish you could be with us.

Please let me know when you will again be in New York, and remember that I do want to give a little luncheon for you, and that we of course expect you to have dinner with us. Do give my affectionate regards to Herbert Bruce and Wilbur Cochrane the next time you see them.

With warmest regards,

Faithfully,

*Lawrence Hunt.*

LH/aj