

PROF. DR J. LINDERGEN

THE HAGUE, 10 October 1951  
Sijzenlaan 41

93  
Professor Julius Hirsch,  
52, Wall Street,  
New York (N.Y.)

Dear Professor Hirsch,

I quite agree with the opinion expressed in your letter of October 3. I am glad to be able to send you a small article of Derksen and mine where we investigated the significance of the former Netherlands East Indies for the Netherlands. The hypothesis made in this paper is that all ties with the Indies would at once have been cut off and the consequences are investigated. The present situation is not even as bad as that hypothesis. A good deal of our current trade and shipping is still going on. So the influence must be less severe than is often been thought. Of course, the difficulties are great in two sectors: first, as to the employment possibilities of civil servants and similar experts in Indonesia, and, second, as to the capital investment made there. It is natural that our bankers should be concerned about this, but they certainly exaggerate its significance for the Dutch economy as a whole. This is well illustrated by a little inquiry I made at the time I wrote this article. I asked a number of well-informed Dutch people at what figure they would estimate the loss expressed as a percentage of national income. All the estimates given were well above our results and ranged from 25 to 40%, whereas we found figures between 11 and 20%. My impression was that there was a great deal of confusion on the significance of Indonesia for our national income and its significance for our balance of payments. The latter, of course, is large and this is why we certainly have to re-orientate our production into the direction of larger material exports.

Yours very sincerely,

THE HAGUE, 10 October 1951  
Sijzenlaan 41

Professor Julius Hirsch,  
52, Wall Street,  
New York (N.Y.)

Dear Professor Hirsch,

I quite agree with the opinion expressed in your letter of October 3. I am glad to be able to send you a small article of Derksen and mine where we investigated the significance of the former Netherlands East Indies for the Netherlands. The hypothesis made in this paper is that all ties with the Indies would at once have been cut off and the consequences are investigated. The present situation is not even as bad as that hypothesis. A good deal of our current trade and shipping is still going on. So the influence must be less severe than is often been thought. Of course, the difficulties are great in two sectors: first, as to the employment possibilities of civil servants and similar experts in Indonesia, and second, as to the capital investment made there. It is natural that our bankers should be concerned about this, but they certainly exaggerate its significance for the Dutch economy as a whole. This is well illustrated by a little industry I made at the time I wrote this article. I asked a number of well-informed Dutch people at what figure they would estimate the loss expressed as a percentage of national income. All the estimates given were well above our results and ranged from 25 to 40%, whereas we found figures between 11 and 20%. My impression was that there was a great deal of confusion on the significance of Indonesia for our national income and its significance for our balance of payments. The latter, of course, is large and this is why we certainly have to re-orientate our production into the direction of larger material exports.

Yours very sincerely,