perts corr. Prof. Tinbergen

1724 Dir/C October 9th 50.
H/GA

dr A.L.Gruenbaum
Government of Israel
Prime Minister's Office
Economic Research Department
5, Rehov B
Hakiryah
T e l A v i v
Israel

Dear dr Gruenbaum,

I thank you for your letter of August 15th, No.u016/528, in which you sent me a summary of the Israeli Four Year Development Plan, at the same time inviting me to give some remarks and comment.

As I am highly interested in planning, I took great pleasure in reading your report, which gives a quite comprehensive view of the development problems of the Israeli economy. The internal consistency of the figures and tables in my opinion ranks very high. The only question which at some points may arise relates to the way in which the figures are obtained, but I think this will at greater length be described in the original detailed plans.

As to the character of the plan figures (forecasts or targets) the report observes that they must on the whole be considered as targets. I quite agree that this is the only possible way of constructing a consistent plan, but nevertheless it may be important to give some idea of the attainableness of the quantitative targets. I am convinced that this point, too, will more especially be stressed in the sector plans. There is one general aspect, however, which might be given more emphasis in the general part, viz. the problem of monetary equilibrium. In a development plan like this an inflationary tendency might easily arise. Of course it will be possible to create sufficient involuntary savings by means of rationing and price control, but the crucial point is to absorb this "floating purchasing power" for the financing of the investment program. Of course you will be aware of this problem, but it might perhaps be more fully treated in the report.

Prof Tinbergen

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On the whole your report may be considered as an important example of over-all development planning, and as such it will probably be of great interest to planners all over the world.

I hope you will see my few remarks in the light of my appreciation for your pioneer work.

May I further request you to keep me informed of the further experiences in planning with the Israeli economy? From my part I will put you on our mailing list, so that you will automatically receive our published planning reports. To my regret most of our publications are only available in Dutch, but perhaps it will be possible for you to have them translated by some economist of Dutch origin. Under seperate cover I am sending you our recently published plan for 1950.

I hope that our contact will be of value for both sides and for the development of planning in general.

Truly yours,

(J.Tinbergen)
Director of the
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