PROF. DR J. TINBERGEN

THE HAGUE, 10 October 1950
Sijzenlaan 41

Mr William B. Simpson,
Managing Editor of "Econometrica"
University of Chicago (37) Ill.

Dear Mr Simpson,

Please, find below a few remarks on Lui's article for Econometrica. Since one of my collaborators, my friend dr Stuvel, just published a book on the same subject, I wonder whether it would not be useful to ask his opinion too. Since mr Stuvel is absent for a week I propose that the manuscript is sent back after he has had a chance to see it. Please, let me know if you are in urgent need of it.

Yours very sincerely,

NOTICE ON MR LUI'S ARTICLE

I think the article is highly interesting and certainly deserves to be published. The following remarks may, however, perhaps lead to some slight improvement. They are made in haphazard order.

1. The wording used in the table is somewhat suggestive of "optimism" since mr Lui always speaks of conditions under which improvement is certain. It might in a number of the cases have been formulated in a more neutral way by adding conditions under which deterioration is certain.

2. It is a small lack of elegance that the symbols for country 2 have a subscript 1, whereas there also exists a country 1. Why not speak of country 0 and 1 ?

3. Is it correct on p.10 to speak of the solution of any of the variables in terms of another ?

4. It is a pity that the numbering of the "steps" do not correspond with the numbering of the equations.

5. The true character of equation 10 would seem to me to be a supply equation; the wording in which it is announced suggests that it is a demand equation, but if so it would duplicate equation 4 and 6. If it is the intention that it be a demand equation I would oppose; I think it would be better to have a supply equation here and instead of ε_y to use the elasticity of y with repect to P.

6. Why are no κ and π mentioned in the list of parameters, and why is μ mentioned as an independent parameter ?