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B. Balassa
CHRONOLOGICAL FILE
September 1 - December 14, 1966

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Research on Economics and Development - Bela Balassa - Chronological Record -
September through December 1966

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PLEASE SEE CONTINUING FILE

December 14, 1966

Dear Professor Segal:

John Tilton informed me of his recent conversation with you. He tells me that you are looking for people in the fields of international trade and industrial organization, and that you will interview him in San Francisco.

I have known Tilton for several years. He was a student in the international trade course at Yale. He worked for me as a Research Assistant and I was the Director of his dissertation. He is able and hard working. He chose an interesting thesis topic and did an excellent job on it. Tilton has good capabilities for research and he should also be effective in the classroom. His interest in the fields of international trade and industrial organization will make it possible for him to combine the two areas in his research.

I warmly recommend Tilton for a teaching position at Dartmouth College.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Martin Segal
Dartmouth College
Hanover, N. H.

December 14, 1966

Mr. F. Meyer zu Schlochtern
Organisation for Economic
Cooperation and Development
2, rue Andre-Pascal
Paris 16^e, France

Dear Mr. zu Schlochtern:

Thank you for sending me your paper on Statistical
Import Functions and Import Forecasting. I am looking
forward to reading this paper.

I am enclosing a copy of my Trade Creation and
Trade Diversion as I promised earlier. The paper will
appear in the March issue of the Economic Journal.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Encl.

December 14, 1966

Dear Mr. Cohen:

Enclosed are copies of my Brussels lectures and the Economic Journal paper. While you can keep the EJ paper, please return the Brussels lectures at your earliest convenience since this is my only copy.

Incidentally I looked at these lectures again and I have some doubts whether they would fit your purpose. The lectures are prepared for a general audience, which fact accounts for the relative simplicity of some of the arguments. Let me add here that there are a few errors in the printed version.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Encl.

Mr. Benjamin J. Cohen
International Finance Section
Department of Economics
Princeton University
Princeton, N. Y.

December 14, 1966

Mr. John Tilton
2000 4th Street South
Apartment 4
Arlington, Va. 22204

Dear Mr. Tilton:

In Mr. Balassa's absence I wish to inform you that he has written a letter of recommendation on your behalf to Professor Segal of Dartmouth College.

Yours very truly,

Secretary to Mr. Balassa

December 13, 1966

Mr. Carl H. McMillan
Harvard University
Russian Research Centre
1737 Cambridge Street
Cambridge, Mass.

Dear Mr. McMillan:

I am sorry to say that I will go to the hospital for treatment of a slipped disc tomorrow. I do not know at this point how long I will stay there. I suggest that you contact my secretary, Miss Muddiman, at DU 1-2781, between Christmas and New Year's to find out whether I can see you.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

December 13, 1966

Dear Harry:

Many thanks for your letter of December 7th and for the corrections in the paper. It seems that in the rush to get it finished I missed some typographical errors.

Thank you for sending me the material on the tariff sample. I have no comments on it at the moment.

My back has not gotten better and I will go to the hospital tomorrow. Perhaps traction will help.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Harry H. Bell
Director
Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland

December 13, 1966

Dear Mr. Bouix:

After some delay, my car arrived but without an instruction booklet. You will recall that I asked for one in Paris but you told me that I would get it with the car. The local dealer cannot supply me with a booklet, therefore I wish to ask you to send me one by return airmail.

I wish to add that the car did not function well on arrival; there was a considerable noise in the engine and the carburetor didn't work properly. It seems to me that the car was not properly serviced before shipping. Consequently the local dealer had to service it and charged me \$25.00 for it. I wish to request that this amount be reimbursed to me. A photocopy of the bill from Midtown Motors is enclosed.

Yours very truly,

Bela Balassa
Adviser
Economics Department

M. Claude Bouix
Peugot
Ventes Aux Etrangers et Diplomates
154 Champs-Elysees
Paris 8^e, France

December 13, 1966

M. Tibor Scitovsky
OECD
91, boulevard Exelmans
Paris XVI, France

Dear Tibor:

Thank you for your letter of November 21st. I am afraid that my back has not gotten better; in fact I will have to go to the hospital this week. It will be necessary, therefore, to postpone my trip to Europe and this might not take place before April.

I have recently talked to Jagdish Bhagwati who would be interested in exploring the possibility of making similar calculations for India. I have some doubts about the feasibility of such a study; I left out India as well as Brazil from my list of countries because of the complications, the inclusion of large countries with a diversified economy and unreliable statistical data would involve.

Let me add here that we plan to have a meeting with the contributors in Washington during March. At this meeting the contributors would present preliminary drafts for discussion. Should you plan to be in the United States at that time, we would welcome your participation. Bhagwati and some other Economists from the area will be invited.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa/-pmm

December 13, 1966

Mr. Alfred Parmelee
Westley Wellcot & Co., Inc.,
59 East 54th Street
New York, N. Y. 10022

Dear Fred:

Enclosed are the signed authorization forms. Please send them to Fricke with your signature. As the enclosed letter indicates, I have taken steps to transfer my second account from Van Alstyne to Hayden & Stone.

Following our conversation last week, I sold my holdings of Massey-Ferguson, McLouth, Kaiser Aluminum, Sangamo and Canteen. At the same time I purchased 50 shares of Teledyne, 10 shares of IBM, 50 shares of Elco and 222 shares of GTI.

By the end of the year I will have another \$3,000 to invest and I would like to buy a speculative stock with large appreciative potential, possibly over the counter. You mentioned Swank to me last time; Henry Levy seems to be buying R. R. Block and some airfreight companies. May I ask you to let me know which of these you would recommend for purchase.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Encl.

P.S.

I also intend to sell my 100 shares of United Artists. I would appreciate your suggestion as to a possible replacement which should be a listed stock since I do not want to lose my margin. I would like to purchase a speculative stock of large appreciation potential, something in the order of Alloys Unlimited or GTI.

December 13, 1966

Mr. Jorge Sakamoto
Instituto Torcuato Di Tella
Centro de Investigaciones Economicas
Virrey del Pino 3210
Buenos Aires (26), Republica Argentina

Dear Mr. Sakamoto:

Thank you for your letter of November 25th. Please accept my best wishes for the successful completion of your Ph.D. comprehensive examinations. I am glad to hear that my teaching helped you in this.

I find your project on industrial strategies for semi developed economies interesting and I will be glad to read a draft of your study whenever you have one.

With best regards to your wife and other friends at Di Tella, I remain

Sincerely yours,

Bela Balassa
Adviser
Economics Department

December 13, 1966

Professor Staffan B. Linder
Department of Economics
Economic Growth Center
Box 1987, Yale Station
Yale University
New Haven, Connecticut

Dear Staffan:

Thank you for your letter of December 1st. I will keep you posted concerning the future developments in regard to the publication of the second volume. At the time when publication is assured, I will also return to the problem of corrections in your chapter.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

December 13, 1966

Professor M. Kreinin
Professor of Economics
Michigan State University
East Lansing, Michigan 48823

Dear Max:

Thank you for your letter of November 30th.

I will keep you posted concerning future developments in
regard to the publication of the second volume.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

M.
Reni Buchler
370-372 rue Gabriel Peri
Colombes, Seine
France

December 13, 1966

Credit Lyonnais
Agence 429
Av. Mozart 141
Paris 16^e, France

Monsieur,

Veillez trouver ci-enclos un cheque de 165 francs
pour les frais de garage de ma voiture Fiat pendant les mois
Novembre-December-Janvier.

Je vous prie de croire, Monsieur, a l'assurance de
ma parfaite consideration.

Bela Balassa

P.S.

Mon adresse personnelle est

2500 Q Street N.W.,
Washington, D.C. 20007

December 13, 1966

Dear Professor Munthe:

Thank you for your letter of December 3rd and for the publications which arrived last week.

I am glad to hear that you are interested in participating in our project on trade protection. I agree with you that effective rates should be calculated for the 140 sector input-output table relating to the year 1964. Please note, however, that calculating an average tariff as a ratio between the amount of duties paid and the value of imports gives rise to a downward bias. (For a discussion of this problem see my Theory of Economic Integration, Ch. 2, as well as my article in the December, 1965, JPE.) The correct procedure is to weight tariffs by domestic sales as described on pp. 9-10 of my Outline and Methodology. From your letter it appears that this method of averaging can be applied for Norway since information is available on 1400 domestic production sectors and approximately 1000 import categories.

I understand from your letter that you expect to have the preliminary results by the end of January. I will appreciate receiving them as soon as they become available. According to present plans I will come to Europe in early Spring and we can then spend several days together for a discussion on the project. At that time we can also discuss the cost involved in making additional calculations.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor P. Munthe
Professor of Economics
Oslo University
Frederiksgate 3
Oslo, Norway

December 12, 1966

Mr. Bernard Krebs,
Van Alstyne & Noel
40 Wall Street
New York, N. Y.

Dear Mr. Krebs:

My stock portfolio will be handled by an investment adviser in the future. To facilitate his work I have decided to transfer my account with your firm to Hayden & Stone who has handled my larger account owned jointly with my wife. Mr. Charles Fricke of the One Wall Street office of Hayden & Stone, will contact you to affect the transfer. May I ask you to send me a check in the amount of dividends accumulated on my account before the transfer is effected.

Please be assured that I have been completely satisfied with your handling of my account and the reason for its transfer is exclusively the result of my engaging an investment adviser.

With many thanks and best wishes,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

December 12, 1966

Mr. Charles Fricks
Hayden & Stone
One Wall Street
New York, N. Y.

Dear Mr. Fricks:

Thank you for the authorization forms; I sent them for signature to Mr. Parmelee who will forward them to you.

For some time I have had a small account with Van Alstyne & Noel. I wish now to transfer this account to Hayden & Stone. Please send me the appropriate forms I have to fill out. Let me add here that this account is in my own name and it should be maintained separately from my joint account with my wife.

I am enclosing a copy of my letter to Mr. Krebs, my broker at Van Alstyne.

Yours very truly,

Bela Balassa
Adviser
Economics Department

encl.

December 8, 1966

Dear Professor Chakravarty:

I have recently talked to a mutual friend of ours, Jagdish Bhagwati, and this conversation has encouraged me to write to you to ask whether you might possibly be interested in relocating to the United States.

I am joining Johns Hopkins University as a Professor of Political Economy in the fall and we would like to make a professorial appointment in the near future in the development field. I am familiar with your publications, some of which seem to indicate an interest in this area. I wonder whether you maintain this interest and if not, what your field of present research is.

Please also let me know whether, possibly as a prelude to a permanent appointment, you might be interested in accepting an appointment as a Visiting Professor. Should this be the case, I would explore the matter at Johns Hopkins.

Please be assured that your answer will be kept in strict confidence.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor S. Chakravarty
Delhi School of Economics
Delhi University
Delhi 7, India

December 8, 1966

Dear Mr. Lary:

You may be interested in seeing the enclosed paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations." I worked on this paper as a consultant to UNCTAD in the summer and have now revised it.

I read your article in the Columbia Journal of Business with great interest and I expect to return to it as soon as I am back on my feet. I again had a recurrence of a slipped disc which has kept me in bed for several weeks now.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. Hal B. Lary
National Bureau of Economic Research
261 Madison Avenue
New York, N. Y.

December 8, 1966

National Bureau of Economic Research
261 Madison Avenue
New York, N. Y. 10016

Dear Sirs:

Please send me a copy of the paperback edition
of "Foreign Tax Policies and Economic Growth" under my
faculty membership.

Yours very truly,

Bela Balassa

December 7, 1966

Dear Professor Hartog,

Thank you for your letter of November 21st. I fully agree with your views on the publication of the country volume, and deplore the action taken by the Council. I have approached so far three publishers in the United States, of which one has expressed interest in the volume. I will inform you as soon as I have more information on publication possibilities.

I wonder if the North Holland Publishing Company would want to take a book of this kind. You will recall that they published the "Economic Policy" volumes jointly with McGraw-Hill.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Professor F. Hartog,
Margrietlaan 1
Haren Groningen
Netherlands

December 7, 1966

Dear Ron:

As I indicated in my letter to you, the major factors in the Council's decision have been their unwillingness to publish a symposium of papers of a rather technical nature. Let me add here that they had objections to four of the studies, one of which was yours. They felt that the Scandinavian and the Common Market studies did not say very much new, while Dosser's paper was in need of stylistic improvements. In turn, they criticized the assumptions underlying your paper which called for an increase in productivity in Canadian manufacturing without a corresponding increase in wages.

I did not think that any of these objections were very serious. One cannot expect a uniform level in all papers when the contributors come from different countries and have different backgrounds. Furthermore, Dosser's study could have been made more readable through editing. Finally, I believe that the qualifications we have added to your chapter reduce the validity of the objections.

I plan to pursue the matter of publication of the volume and have already written to three University Presses. It is up to you whether your chapter is included in the volume; I see no reason why it shouldn't be. It might be useful, however, to add an additional qualification to avoid objections of the sort raised by the Council.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Professor Ronald J. Wonnacott,
Department of Economics and Sociology
The University of Western Ontario
London, Ontario
Canada

December 7, 1966

Dear Sidney:

Thank you for your letter of November 28th. I am sure I do not have to tell you that I was very disturbed by the Council's decision against publishing Volume II. It seems to me that they have not acted in a fair manner.

I heard about the success of your Chatham House study. Incidentally, the recent issue of the Economist has mistakenly attributed to you the authorship of the comparative advantage index. I have written to the Economist and I wonder if they will publish my letter.

Returning to Volume II, I have written to three publishers and so far one of them has expressed interest. I am now waiting for answers from the others. I will get in touch with you as soon as I have more information on publication possibilities in the United States.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

I understand why Van Cleveland has not written to you yet.

Professor Sidney J. Wells
Royal College of Advanced Technology
Salford 5
Lancashire, England

December 7, 1966

Mr. Nathaniel Groby,
Chief, Administration
UNCTAD
Palais des Nations
1211 GENEVE 10
Switzerland

Dear Mr. Groby:

Enclosed are the signed copies of the modified contracts. Please note that all further correspondence relating to this contract should be sent to my home address, 2500 "Q" Street N.W., Washington, D.C. 20007

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

Miss M. L. Carter

December 7, 1966

Bela Balassa

Mrs. Kwi Jin Hong

Mrs. Hong has been working for me as a Research Assistant on a half-time basis for the past two months. I am very satisfied with her; she is intelligent, conscientious as well as hard-working -- qualities one does not usually find in one and the same person. I have had quite a number of graduate Assistants over the years but few of them were as satisfactory as Mrs. Hong.

BBalassa/pam

cc: Mrs. S. Armstrong

December 5, 1966

Dear Mr. Dell:

Enclosed please find page 22(a) which was inadvertently omitted from Mr. Balassa's paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations."

Yours sincerely,

Secretary to Mr. Balassa

Mr. Sidney Dell
Director of the New York Office of UNCTAD
United Nations
New York, N. Y.

December 5, 1966

Dear Mr. Bell:

Enclosed please find page 22(a) which was inadvertently omitted from Mr. Balassa's paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations."

Sincerely yours,

Secretary to Mr. Balassa

Mr. Harry H. Bell
Director
Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland

December 2, 1966

Dear Mr. Gallman:

At the request of the Council on Foreign Relations I have been directing a project on the problems of trade liberalization among the industrial countries. As part of this project, I wrote a book on the subject that will be included in the Atlantic series of the Council on Foreign Relations handled by the McGraw Hill Publishing Company. In carrying out the project we have accumulated material for another book containing the studies of my collaborators in the Atlantic Trade project. While my own book aims at the general reader, the studies in question are of a more technical character. They could not, therefore, be included in the Council series and I would like to explore the possibility of having them published by a University Press.

In accordance with our telephone conversation today, I am sending you a table of contents and an introduction which should give you a fair idea of the book. Let me add here that with the exception of the chapter by Mr. Kelly the studies have been completed. Kelly's chapter should be ready later this month. I will send you all the chapters that are available early next week.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. John Gallman
Johns Hopkins University Press
1740 Massachusetts Avenue N.W.
Washington, D.C. 20036

December 2, 1966

Dear Gus:

Enclosed is a copy of the paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations" which I mentioned to you some time ago.

I hope that I will have the opportunity to see you in the not too distant future but I am presently immobilized with a slipped disc.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Gustav Ranis
U.S. Department of State
Agency for International Development
Washington, D. C.

December 2, 1966

Dear Dr. Prebisch:

I take the liberty of sending you a copy of my paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations." I worked on this paper while I was consultant to the Research Division of UNCTAD this summer.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Dr. Raul Prebisch
Secretary General
UN Trade and Development Board
United Nations
New York, N. Y.

December 1, 1966

Dear Van:

I have not yet received a promised copy of your letter to the contributors informing them that Volume II will not be published. I would appreciate it if you would send this to me at your earliest convenience.

Sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Harold van B. Cleveland
Vice President
First National City Bank
399 Park Avenue
New York, N. Y.

December 1, 1966

Dear John:

Enclosed is a copy of the paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations."

I continue to be in bed with a slipped disc and would be glad if you could come to see me to talk about matters of common interest.

Yours very truly,

Bela Balassa
Adviser
Economics Department

encl.

Mr. John Pincus
Rand Corporation
1000 Connecticut Avenue N.W.
Washington, D.C.

December 1, 1966

Dear Harry:

Enclosed is a copy of the paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations." Nine additional copies will be sent through UNCTAD's New York Office. Please give one of these to Alf Maizels; I sent a copy directly to Dr. Prebisch.

It was good to see you in Washington but I hope that next time we meet under more pleasant circumstances.

Yours very truly,

Bela Balassa
Adviser
Economics Department

P.S.

Please address all correspondence relating to my contract to my home address -- 2500 Q Street, N.W., Washington, D.C. 20007.

Mr. Harry H. Bell
Director
Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland

December 1, 1966

Dear Mr. Dell:

Enclosed is a copy of my paper on "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Nations." I hope you will find it of interest.

I will return to our discussion of cooperation among international and national agencies in forecasting at a later time. A long stay in bed with a slipped disc has not permitted me to confer on this matter within the Bank.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Sidney Dell
Director of the New York Office of UNCTAD
United Nations
New York, N. Y.



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - September through December 1966		Barcode No. 1081683		
Document Date November 30, 1966	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Alfred Parmelee				
Subject / Title Stock portfolio				
Exception(s) Financial Information iv				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"> <tr> <td>Withdrawn by Ann May</td> <td>Date September 23, 2022</td> </tr> </table>	Withdrawn by Ann May	Date September 23, 2022
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November 29, 1966

Dear Peter:

I had very much hoped to come to London in December but this does not seem to be possible anymore. My back has not gotten better and I have now been in bed for some time. I think that I may need another week's rest and it is unlikely that I could undertake any trip before the end of the year. Because of other obligations in January, my plans are to come to Europe in the first week of February. Should this date be convenient for you, I would be happy to meet with you and your colleague in London.

I have received the Coffee Diversification Study but I have not read it as yet. I will do so as soon as I can.

It was good to see you in Washington and I look forward to meeting with you again.

Yours very truly,

Bela Balassa
Adviser
Economics Department

P.S.

Should you see Gerda Blau please tell her of the change in my plans. I do not have her address here and at any rate I did not commit myself to see her in London in December.

Miss Peter Ady
Ministry of Overseas Development
Eland House
Stag Place
London S.W. 1

November 28, 1966

Mr. Andrews Pianim
Room 2601
ESA/CDPPP
United Nations
New York 10017

Dear Mr. Pianim:

I will be glad to write a recommendation to the universities of your choice. Please send me the appropriate forms from M.I.T. and Yale. I am sending a letter to Berkeley today and will write to Yale and M.I.T. as soon as you can send me the appropriate forms.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 28, 1966

Mr. D. J. Daly
Economic Council of Canada
P.O. Box 527
Ottawa, Ontario

Dear Mr. Daly:

Thank you for your letter of October 19th and for sending me the volume Conference on Stabilization Policies. I have just read Rhomberg's paper which I found very interesting.

I am out of reprints of my recent articles but have written today to the Economic Growth Center to get more copies. I expect that I can send you the requested papers in about two or three weeks.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 28, 1966

Chairman
Graduate Committee
Department of Economics
250 A Barrows Hall
University of California
Berkeley 94720

Dear Sir:

This is to recommend Mr. Pianin for a fellowship at your graduate school.

Mr. Pianin participated in Yale's graduate course in economic theory in the International Foreign Economic Administration Program. He gave an excellent performance in the course, and showed himself to be one of the outstanding students in this program. I recommended him for admission into the Ph.D. program at the time but he decided to interrupt his studies.

I am happy to know that Mr. Pianin plans to resume graduate studies in economics. I believe that he is an excellent candidate who will do above average work and will be able to utilize the knowledge he acquires to the benefit of his home country.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 28, 1966

Professor Stephen Hymer
Economic Growth Center
52 Hillhouse Avenue
New Haven, Conn.

Dear Steve:

A few weeks ago you told me that I would soon receive your and Steve Resnick's comments on Lois Ernstoff's dissertation. Since Lois is anxious to start revising the thesis, I would appreciate it if you would send me these comments at your earliest convenience.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 25, 1966

Mr. Leslie E. Phillabaum
Editor-in-chief
The University of North Carolina Press
Chapel Hill, N. C.

Dear Mr. Phillabaum:

In Mr. Balassa's absence from the office, I wish to acknowledge with thanks receipt of your letter of November 22nd.

Mr. Balassa is ill at present but I shall bring your letter to his attention at the first opportunity.

Yours very truly,

Secretary to Mr. Balassa



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Correspondents / Participants From: Bela Balassa To: John Power				
Subject / Title Consultant contract				
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November 25, 1966

Mr. G. K. Helleiner
Director, Economic Research Bureau
The University College
P.O. Box 9184
Dar Es Salaam, Tanzania

Dear Gerry:

I am somewhat worried to hear that your other duties do not permit you to start working on our project for some time. To ease your workload and to ensure the early completion of the project, would you consider the possibility of asking Ben Massel to carry out the work on Kenya? I am told that he is Director of an institute similar to yours in Nairobi and hence he would be likely to have access to data and people there.

Should this possibility appeal to you and should Massel accept, I would suggest that we separate the Nigerian and the Kenyan parts of the study, with you writing the first and Massel the second. In this event we would write out two separate contracts with separate budgets to replace the present contract. The amounts in the two budgets may exceed the amount presently provided for.

If you agree with my suggestion, please get in touch with Ben.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 25, 1966

Re: The Paternity of an Index

Sir:

The index of comparative advantage you attribute to Mr. Sidney Wells is, in fact, my creation; it was first presented in the May 1965 issue of the Manchester School under the title "Trade Liberalization and 'Revealed' Comparative Advantage." The calculations reported in your November 19, 1966 issue were made in connection with the Atlantic Trade Project of which I am Director. Mr. Wells used a portion of my results relating to the United Kingdom in his Chatham House paper which was one of several studies prepared as a part of the Project. The findings covering the major industrial countries will be published in my book Trade Liberalization among the Industrial Countries: Objectives and Alternatives, to appear next April as a joint publication of the Council on Foreign Relations and the McGraw Hill Co.

Bela Balassa
Professor of Economics
Director, Atlantic Trade Project

Letters to the Editor
The Economist Newspaper Ltd.
25 St. James's Street
London, S.W. 1, England

November 21, 1966

Dear Ray:

I enjoyed our lunch together and hope to have the opportunity to see you again soon.

Enclosed is the Tinbergen article you asked for. I do not think it is worth your while to read the internal discussion at the Bank on this paper but you might want to look at pages 3 and 4 of my memorandum which provides a numerical example on the Tinbergen model.

Carol joins me in sending you our sincere regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Ray Goldsmith
Professor of Economics
Department of Economics
Yale University
37 Hillhouse Avenue
New Haven, Connecticut

November 21, 1966

Dear Jean:

I wonder if I may ask you a favor. I am receiving from time to time requests for reprints of my recent articles but I do not have any left. Would it be possible to have five copies of the following papers sent to me: Nos. 63, 74, 77 and 86.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mrs. Jean Mulligan
Yale University
37 Hillhouse Avenue
New Haven, Connecticut

November 18, 1966

Princeton University
International Finance Section
P.O. Box 644
Princeton, N.J.

Dear Sirs:

I would appreciate it if you would please send me Professor Benjamin J. Cohen's study entitled "Adjustment Costs and the Distribution of New Reserves" which was published by the International Finance Section as No. 18. I am enclosing my cheque for \$1.00 to cover the cost.

I would also appreciate your sending me reprints of Nos. 2 and 3 published by the International Finance Section.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. Michael L. Lejeune

November 17, 1966

Bela Balassa

Letter Contract

The enclosed letter-contract, providing for a \$10,000 contribution by IDB to a research project carried out under my direction at the Bank, has been signed by Felipe Herrera, the President of IDB. The wording of the letter contract has been approved by Mr. Andrew Kamarck of the Economics Department, Mr. Tenley Jones of the Legal Department and Mr. Thomas Mitchell of the Treasurer's Department at the Bank. Mr. Mitchell has suggested that, according to Bank regulations, the head of the Administration Department should sign the letter-contract. Accordingly, I am enclosing it for your signature with the request that both copies be returned to me. They will have to be sent to IDB for acknowledgment of a change in paragraph 3 on page 2. With the agreement of the Legal Division of IDB (Mr. Morris Wolf) we have deleted the words "up to" from paragraph 3 on page 2. May I ask you to initial this change.

As soon as I receive the completed letter-contract, I will have photocopies made for your files as well as for the other departments.

encl.

BBalassa/pam

November 17, 1966

Dear Bill:

As a footnote to the enclosed letter, let me say that I am especially sorry that you had to spend so much of your free time on the chapter in the hope of an early publication. I consider the Council's action unwarranted and unjustifiable.

Needless to say this action does not affect your fee, which will be paid as soon as I receive your chapter. I hope that it will arrive soon since I want to send copies of all chapters to University Presses that express interest in publishing the volume.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

encl.

P.S.

I just saw a reference to an OECD publication, "Government purchasing in Europe, North America and Japan: regulations and procedures." I wonder if you had a copy of this publication in time to take account of it in the writing of your chapter.

Mr. W. B. Kelly, Jr.
Senior Advisor
U.S. Delegation to the
Sixth Round of GATT Trade Negotiations
80 rue de Lausanne
Geneva, Switzerland

November 17, 1966

M. Tibor Scitovsky
OECD
91, boulevard Exelmans
Paris XVI, France

Dear Tibor:

I am glad that you liked my paper on "Integration and Resource Allocation in Latin America." While Schydloewsky's re-working of the data will change the results to a considerable extent, the main conclusions will hardly be affected. Apart from Argentina, our project deals with Chile, Mexico, Pakistan, the Philippines, Nigeria, Kenya and probably Norway. The preliminary results for Argentina and Pakistan should be available by next Spring; for the other countries it will be more like the end of 1967.

In your letter you refer to a paper on protection in Pakistan by Soligo and Stern. Our study done by Steve Lewis will be rather different. While Soligo and Stern used nominal tariffs in estimating the effective rate of protection, Lewis employs the tariff equivalent of quotas (implicit tariffs) derived from the comparison of domestic and foreign prices of individual commodities. This is the correct procedure in the case of Pakistan since imports have been restricted by quotas rather than by tariffs. For a discussion of this issue, see Supplement 1 to my "Outline and Methodology." Both of these papers are enclosed.

I plan to go to Europe in connection with the Norwegian study early next year. I would like then to come to Paris to exchange notes on work underway at the Center and at the Bank on protection in less developed countries. May I ask you to let me know whether you plan to be there in January and February? I would like to set up my trip so that I could see you.

I am not sure what paper you are referring to in connection with the effects of the system of protection on nontraded goods. On page 20 of the final version of "Integration of Resource Allocation in Latin America" I note that "discrimination in favor of nontraded goods entails further inefficiencies in resource allocation and it provides

M. Scitovsky

- 2 -

November 17, 1966

an inducement to luxury production. It has been said, for example, that in Argentina luxury housing is a beneficiary of the system of protection applied." The first part of this statement relates to my earlier discussion on pp. 11 - 12, while the second part derives from information received in Argentina. I am now working on a model which will hopefully provide a more cogent answer.

I hope that you have a pleasant time in Paris; from le Monde hebdomadaire I see that there are some interesting plays this season. We are enjoying Washington except for the fact that I have again had trouble with a slipped disc. In the summer I went to Brussels with Carol to look for antiques and visited Ritter's shop there. In the end, however, we made purchases in London.

Looking forward to seeing you in Paris, I remain

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

BBalassa/pam

November 16, 1966

Mr. Stephen R. Lewis, Jr.,
Department of Economics
Williams College
Williamstown, Massachusetts 01267

Dear Steve:

I have just read your "Implicit Exchange Rates, Relative Prices and the Efficiency of Industrial Growth in Pakistan." I find it an extremely interesting paper, especially since its conclusions provide support to the infant industry thesis. It may be well worth while to try to submit it in a revised form to a professional journal in order to give it wider circulation. May I ask you to send me 8 copies of the paper so that I can send it to the participants in our project? I would also like to have the list of the commodities considered, with their foreign and domestic prices.

You will recall that in the project we plan to make comparisons between nominal and implicit tariffs which latter is equivalent to your implicit exchange rates for individual commodities. The question is whether and to what extent quality differences between domestic and foreign products may influence the results. The problem of quality differences does not arise in case of products which are currently imported, provided that the domestic price of the imported merchandise is compared to its c.i.f. value. This will not be the case, however, if tariffs and quotas exclude imports entirely. In such an event, the implicit tariff may be lower than the nominal duty, either because competition among domestic producers reduces the domestic price below the sum of the world market price and the tariff, or because consumers place less value on domestic than on foreign goods. In the limiting case, the tariff may be barely sufficient to offset differences in quality as judged by the consumer.

In the appendix to your paper, it is noted that cigarettes, beverages, printing and publishing have been excluded from the calculations because quality differences make price comparisons difficult. But have you not encountered such problems in the case of other commodities, such as textiles? Since quality differences reduce the implicit tariff (exchange rate) below the nominal duty, I wonder that the differences shown for consumer goods may not in part be explained by this factor. Such a bias, if consistent, may not much affect the intertemporal comparisons, but it can distort the results for individual years and lead to an underestimation of the effective rate of protection. Accordingly, your discussion of the Stern-Soligo paper may require some modification.

The interpretation of intertemporal comparisons in relative prices is subject to another qualification. On p. 14 you argue that "the behavior of relative prices on implicit exchange rates over the period of early industrialization in Pakistan is useful in evaluating the success or efficiency of the import substitution process." It would appear that this measure overestimates improvements in efficiency because there is "double-counting" in the case of final products. Thus, in the event of several stages of transformation, a large part of the price decline may be explained by improvements in earlier stages. In the extreme case, the price of a commodity may fall without any improvement in the efficiency of its manufacture if its inputs become cheaper. At the same time, in the case of imported inputs (materials as well as machinery) the decline may reflect the fact that import policy has become less "tight".

While my comments pertain chiefly to the comparison of domestic and foreign prices in manufacturing, they also apply to the behavior of the terms-of-trade between manufacturing and agriculture. This conclusion follows because, in a country like Pakistan, the "cumulation" of material inputs is likely to be of greater importance for the manufacturing sector than for the agricultural. At any rate, to improve the reliability of the estimates, the effective rate of protection would have to be calculated in all cases.

Two small points. On p. 8 you suggest that "the gap between the exchange rates for the two sectors was closed over the entire period after 1954/55 ..." What you mean to say is that the gap narrowed. Further, in discussing error possibilities, you repeatedly refer to the possible downward bias in the estimates of the terms-of-trade between manufacturing and agriculture even though there may there may also be an upward bias.

To get to another matter, Dani Schydrowski recently sent me a memo dealing with the treatment of indirect taxes in calculating effective duties and some other matters. In this memo he made reference to your "Notes to a Further Study of Implicit Protection in Pakistan." I have not seen this paper; may I ask you to send me a copy. Also, I would like to know when your draft version on effective rates will be completed.

Incidentally, I do not agree with Schydrowski's treatment of indirect taxes. While he is correct in deducting indirect taxes from the value of production in order to arrive at the factory price, he fails to make an adjustment in regard to material inputs. Yet, in a country like Argentina, domestic products are discriminated against in favor of imports since the former bear taxes on material inputs while this is not the case for the latter. This conclusion follows since imported goods are subject only to the indirect tax levied on the product itself. Accordingly, the domestic value of material inputs will have to be adjusted for indirect taxes in calculating the effective rate of protection. This adjustment can be carried out by dividing the domestic cost of materials by $(1 + t_{ij}) \times (1 + t_{mi})$

- 3 -

rather than by $(1 + t_{mi})$ when t_{ii} is the rate of the indirect tax and t_{mi} the import duty on material inputs.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

EBalassa/pam

Mr. B. A. de Vries

November 17, 1966

Bela Balassa

Conrad's Research Proposal in Capital Output Ratios

I agree with much of what Conrad is saying on the deficiencies of calculations on capital-output ratios. I differ from him, however, on the question of the focus of the proposed research. It seems to me that the main objective should be the estimation of disaggregated (sectoral) capital-output ratios rather than theoretical and econometric refinements and the calculation of aggregate ratios. For one thing, the underlying data are rarely good enough to permit refinements; for another, aggregate capital-output ratios have little usefulness in national economies undergoing rapid transformation.

My suggestion is that work done -- or financed by -- the Bank, should put emphasis on the estimation of sectoral capital-output ratios, which task can best be performed in the developing countries themselves. However, if there is extra money available for consultant assignments, the financing of the type of research proposed by Conrad is likely to be useful for development economists and to eventually benefit the Bank.

BBalassa/pam

cc: Messrs. Kassarck, King, Sacchetti, Hawkins, Levy, Leon

November 17, 1966

Dear Editor:

At the request of the Council on Foreign Relations I have been directing a project on the problems of trade liberalization among the industrial countries. As part of this project, I wrote a book on the subject that will be included in the Atlantic series of the Council on Foreign Relations handled by the McGraw Hill Publishing Company. In carrying out the project we have accumulated material for another book containing the studies of my collaborators in the Atlantic Trade project. While my own book aims at the general reader, the studies in question are of a more technical character. They could not, therefore, be included in the Council series and I would like to explore the possibility of having them published by a University Press.

I would like to inquire whether the University Press of Washington may have interest in publishing this volume. I am enclosing a table of contents and an introduction which should give you a fair idea of the book. Let me add here that with the exception of the chapter by Mr. Kelly the studies have been completed and they can be sent to you if you wish to pursue the matter further. Kelly's chapter should be ready in a week or two. *later 6*

Yours sincerely,

Bela Balassa
Adviser
Economics Department

The Editor
University Press of Washington
927 - 15th Street N.W.
Washington, D.C.

November 17, 1966

Dear Dr. Lawrence:

I have now left New Haven and moved to Washington. My dentist here is Dr. Samuel Bogdenoff. I am writing to you at his request to ask if you could send me the latest X-rays that have been made of my teeth.

May I take this opportunity to express my sincere thanks for the attention you have given to me over the years.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Dr. William Lawrence
340 Whitney Avenue
New Haven, Connecticut

November 17, 1966

Dear Mr. Arnold:

Last June you wrote to me asking whether I would be interested in having my book on Atlantic trade arrangements published by the University of California Press. I wrote to you at that time that this book will be included in the Atlantic series of the Council on Foreign Relations handled by the McGraw-Hill Publishing Company. In writing to you I failed to mention that I have accumulated material for another book containing the studies of my collaborators in the Atlantic Trade project. While my own book aims at the general reader, the studies in question are of a more technical character. They could not, therefore, be included in the Council series and I would like to explore the possibility of having them published by a University Press.

I would like to inquire whether the University of California Press may have interest in publishing this volume. I am enclosing a table of contents and an introduction which should give you a fair idea of the book. Let me add here that with the exception of the chapter by Mr. Kelly the studies have been completed and they can be sent to you if you wish to pursue the matter further. Kelly's chapter should be ready in a week or two.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. AtLee S. Arnold
Associate Editor
University of California Press
405 Hilgard Avenue
Los Angeles, California 90024

November 17, 1966

Dear Editor:

At the request of the Council on Foreign Relations I have been directing a project on the problems of trade liberalization among the industrial countries. As part of this project, I wrote a book on the subject that will be included in the Atlantic series of the Council on Foreign Relations handled by the McGraw Hill Publishing Company. In carrying out the project we have accumulated material for another book containing the studies of my collaborators in the Atlantic Trade project. While my own book aims at the general reader, the studies in question are of a more technical character. They could not, therefore, be included in the Council series and I would like to explore the possibility of having them published by a University Press.

I would like to inquire whether the University Press of Washington may have interest in publishing this volume. I am enclosing a table of contents and an introduction which should give you a fair idea of the book. Let me add here that with the exception of the chapter by Mr. Kelly the studies have been completed and they can be sent to you if you wish to pursue the matter further. Kelly's chapter should be ready in a week or two.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

The Editor
The University of North Carolina Press
Chapel Hill, North Carolina

Mr. Andrew M. Kamarck

November 16, 1966

Bela Balassa

Implicit Exchange Rates, Relative Prices and the Efficiency of
Industrial Growth in Pakistan (Prof. Lewis' Draft Chapter)

On the whole, I agree with Walstedt's comments on the Lewis paper. I have some reservations, however, in connection with the treatment of quality differences and the measurement of improvements in efficiency by reference to price changes. These are stated in a letter to Lewis, a copy of which is enclosed.

I wish to add that in the protection study we will calculate implicit exchange rates (I call these implicit tariffs) and compare them with nominal duties. Implicit tariffs will also be used in estimating the rate of effective protection. This problem is discussed on pp. 6-7 of Supplement No. 1 to my "Outline and Methodology."

encl.

cc: Messrs. de Vries, Collier, Sacchetti, Walstedt, Leon;
Industrialization Group

BBalassa/pam

November 15, 1966

Mr. Daniel M. Schydlofsky
Harvard University Development Advisory Service
Casilla 982
Correo Central
Buenos Aires, Argentina

Dear Dani:

I have received your note on Supplement 1 to the "Outline and Methodology." Here are some observations on the comments contained in the note.

The treatment of preferential imports

While your cases III and IV have some theoretical interest, they are unlikely to be of importance in practice. Your discussion of a disequilibrium situation is not very convincing in this respect. As to differentiated products, these will have to be handled in the way I indicated since nobody can tell the quality difference between e.g. a Volkswagen and a Peugeot. On some of the problems related to differentiated goods, see my note in the June, 1966 issue of the AER. Incidentally, in the case I discussed, t_j and t_i are not the same since the preferential tariff enjoyed by the user increases his profits (and the extent of his protection) without affecting the protection of the domestic producer of the input in question.

Weighting of tariffs

There is no disagreement between us as to the need for using output weighting tariffs whenever possible. But differences between Medina's results and mine can hardly be explained by differences in weights. I suspect rather that the nominal tariffs and/or the method of calculation applied has been different in the two cases.

Implicit tariffs

Your reasoning on the problem of comparing implicit and nominal tariffs is rather tortuous. You start out by arguing that "implicit tariffs calculated as suggested are not comparable with nominal tariffs" because of differences in quality judged by the consumer between domestic and imported products. You go on to say, however, that comparisons can still be made by regarding the consumer to be "misguided" in his choice. I do not

think that we can get around the quality problem in this way. Rather, we should approach the problem by clarifying what sort of comparisons need to be made.

Let us first take the case of a commodity which is imported as well as produced domestically. The relevant comparison is now between the domestic price of the imported merchandise and its c.i.f. value, and the quality problem does not arise. This will not be the case, however, if tariffs or quotas exclude imports entirely. In such an event, the implicit tariff may be lower than the nominal duty either because competition among domestic producers reduces the domestic price below the sum of the world market price and the tariff or because consumers place less value on domestic than on foreign goods. In the limiting case, the tariff may be barely sufficient to offset the difference in quality as judged by the consumer.

But how to indicate differences in quality if there are no imports (and exports)? One possibility is to look at data for some previous period when there were imports. Alternatively, reliance may be based on information provided by the Ministry of Domestic Trade or consumer organizations. If none of this helps, we have to tell the reader that the two influences cannot be separated.

The measurement of potential protection

The formula you suggested for measuring potential protection is a useful one. However, the result will be greatly affected by the quality differences referred to above and this fact reduces the usefulness of the calculation.

Treatment of services and nontraded goods

Your distinction between nontraded goods and services seems to reflect the assumption that the former but not the latter are part of factory price. Aside from the fact that it departs from conventional terminology, this classification may easily give rise to confusion since, for example, transportation costs would now be classified differently depending on whether they relate to material input or to the product itself.

There seems to be no disagreement between us as to the treatment of items that are not included in the factory price. As to other non-trade items, there is an error on p. 10 of the Supplement. The original formulation in the "Outline and Methodology" agrees with yours.

Nevertheless, some problems remain. For one thing, one can hardly dismiss Corden's approach in the way you have done in your note. If the prices of some nontraded goods are politically determined, the method suggested by you is not applicable either. As I noted in the Supplement, the acceptance or rejection of Corden's approach depends on the objective pursued. While the question raised by him is subsidiary to the purpose of our investigation, it is well worth while to make use of his approach at least in some of the country studies.

I referred above to problems related to the political determination of the prices of some services. If this is the case, we would have to take account of the tax (subsidy) element of government intervention. The determination of electricity rates in Brazil is a good example. Until the present government came into power, rates were set on a very low level that did not provide for profits; the recent rise in rates reduced the effective protection of industry.

In the case of electricity, international price comparisons can and should be made. In other instances, one would have to inquire whether prices are set by the government. If they are, one would have to ask the question whether profit margins in these sectors appear to be "reasonable" and make adjustments accordingly.

The treatment of indirect taxes

Some of the problems you raise in regard to indirect taxes have been discussed in the literature on European integration. From the description, it appears that Argentina does not levy a "cumulated" tax on imports, hence the domestic product is discriminated against to the extent that material inputs are subject to an indirect tax.¹ Your treatment of indirect taxes does not take account of this, however, and hence you overestimate the rate of effective protection.

There is little doubt that indirect taxes should be deducted from the final price in estimating effective tariffs. But how about materials? In your example, the domestic value of materials is 60, the indirect tax 10 percent and the tariff 20 percent. Accordingly, in order to estimate free trade value added, you will have to divide the domestic cost of materials by $(1 + t_{ii}) \cdot (1 + t_{mi})$ rather than by $(1 + t_{mi})$ when t_{ii} is the rate of the indirect tax and t_{mi} the import duty on material inputs. Accordingly, the cost of materials in the right-hand column of your table should be 45.5 rather than 50, and value added 24.5 rather than 20. The effective rate of protection will then be 84.7 percent and not 127.5 percent.

I have not seen Lewis' "Notes to a Further Study of Implicit Production in Pakistan." In an earlier letter he indicated that he will send it to me but I have not as yet received it. I am writing to him now and will return to this problem at a later point.

¹ Note that this problem does not arise in the case of value added taxation where domestic and imported products are treated in the same way.

Mr. Schydlewsky

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November 15, 1966

We considered earlier the need for data collection on tariff concessions. Please let me know by return mail where matters stand so that I can ensure financing for it.

I have again had trouble with a slipped disc and have had to delay some of my work, including the revision of the note on Bruno and the effective tariff. I hope that I will get to it next week.

Sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

I received a carbon rather than the face copy of your note. Does this mean that you sent it to other contributors? I rather wish you would not; in its present form it might cause confusion for some of them. This comment does not relate to Steve Lewis who can give you a critical appraisal.

November 15, 1966

Dear Tom:

The Spanish version of my paper has already been published in the last issue of Comercio Exterior. During my visit to Mexico City in September I gave Wionczek a corrected copy and he has taken account of the corrections in the translation.

Mario Brödersehn has recently written me concerning the publication of the Spanish version of my paper by Di Tella. He should contact you soon to ask for your permission.

I do not plan further changes in the paper and it can, therefore, be sent to the printer as it is.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

P.S.

I had hoped to see you in Chicago also but my back has been acting up again and I could not come.

Professor Tom E. Davis
Conference Director
Cornell University
Ithaca, New York 14850

November 10, 1966

Dear Professor Karcz:

Thank you for your letter of November 1st. I am interested to hear about your work with Eastern European Economics but I am afraid that for the time being I could not collaborate in it. I am presently with the International Bank as an Adviser and have no access to Hungarian journals here. At any rate I have not followed the Hungarian literature for some time. May I suggest that you get in touch with Paul Jonas at Brooklyn College; he might be helpful in selecting articles in Hungarian.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Jerzy F. Karcz
Associate Professor of Economics
University of California,
Santa Barbara
c/o U. S. Legation
Sofia, Bulgaria

November 10, 1966

Dear Professor Munthe:

Some time ago I wrote you to ask whether you might have interest in contributing to our project on trade protection. I am anxious to have your answer and, since the possibility exists that my letter has gotten lost, I am enclosing a copy.

Let me add here that, in accordance with the methodology I earlier sent to you, I have explored the possibility of deriving a "standardized" input-output matrix to be used in regard to all countries included in the project. It seems now that it would be difficult to derive such a table from national tables; rather, I would like to use the Norwegian input-output table for this purpose. May I ask you to give me information on this table as regards the market of industries included and the classification system used.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Professor Preben Munthe
Department of Economics
Oslo University
Karl Johansgate 47
Oslo 1, Norway

November 10, 1966

Dear Professor Verdoorn:

I wonder if I may ask you to let me have a list of publications which have appeared in recent years dealing with the projection models used at the Planning Bureau. I would also be interested in receiving any pamphlets of the Bureau on this problem that appeared in English.

I am presently with the International Bank as an Adviser and all correspondence should be sent to me at the address shown on the letterhead.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor P. J. Verdoorn
Associate Director
Netherlands Planning Bureau
The Hague, Netherlands

November 10, 1966

Dear Gerry:

I have been sending you various papers relating to our protection study but have not yet received any reply. I am anxious to know if you have been able to do any work on the project and what the prospects are for the successful completion of this work. May I ask you to advise me where matters stand?

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Gerald Helleiner
Economic Research Bureau
University College
Dar es Salaam, Tanganyika

November 9, 1966

Dear Harry:

Many thanks for your letter of November 2nd. I am glad to hear that you are coming to Washington and will be free to see you either on November 18th or 21st. Please let me know if you are free for lunch on either of these days. Carol would also like to have you for dinner on Friday or Saturday. Will Mildred come with you?

I wonder if it is worth your while to make adjustments for "frustrated" trade among industrial countries for the purpose of weighting tariffs. For one thing, the expansion of EEC imports from EFTA has been influenced to a considerable extent by supply response (the availability of certain commodities, the degree of capacity utilization, and competitiveness); for another, the increase in EEC imports from the United States, following reductions in tariffs, will depend on existing tariff levels as well as on import demand elasticities. For my study on trade liberalization I have prepared estimates on the possible effects of the elimination of tariffs on trade among the industrial countries and the results do not seem to conform to your hypothesis. Perhaps you can use my numerical findings to make the adjustment you are after; I wonder, however, whether it makes much difference to your results if you make an adjustment or not.

The paper on the exports of processed goods from less developed countries is practically finished and will be typed by the time you arrive. How many copies will you need?

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. Harry H. Bell
Director
Research Division
United Nations Conference on Trade and Development
Palais des Nations
1211 Geneva 10
Switzerland



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - September through December 1966		Barcode No. 1081683		
Document Date November 9, 1966	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: John Power				
Subject / Title Consultant John H. Power, Visiting Professor of Economies				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

Mr. A. M. Kamarck

S November 9, 1966

Bela Balassa

Projection Work at the Bank and Cooperation
with other International Agencies

On Monday, November 7th, I had a discussion with Sidney Dell on problems of cooperation among international and national agencies in making projections and on the need to reduce overlapping in this work. Dell said that he had long tried to pursue these objectives but without much success. Among other things, he noted that the FAO's ambitious project on a "World Indicative Plan" is carried out by and large independently of other international organizations, which fact impairs the usefulness of this project. Dell also complained that efforts to obtain an explanation from the Bank on the estimate of absorptive capacity cited by Mr. Woods and on the adjustments made in appraising the financial needs of the Supplementary Financing Scheme have come to nought.

Rather than commenting on these issues, I concentrated on the need for future cooperation and suggested that it might be advantageous to have a preliminary discussion on the subject at the January meeting on trade gap projections prepared by UNCTAD in New York. Dell thought that this was a good idea and he offered to set aside an afternoon for an exchange of views among the participants.

A discussion with other international agencies on forecasting would presuppose that we are reasonably clear as to the directions and scope of future projection work at the Bank. To prepare for this discussion, it would be desirable to review the work done by various departments of the Bank on forecasting models, commodity forecasts, and country projections, and to explore the interrelations of these projections. But there appears to be a need for carrying out such a study, irrespective of the possible cooperation of international agencies. While projection work at the Bank has expanded to a considerable extent, the experience of the Capital Requirements study points to the lack of consistency between model building and actual forecasts, as well as between commodity and country projections. Also, the methods of projection applied often differ from commodity to commodity and from country to country.

Accordingly, a study of the objectives and the methods of projection at the Bank can improve the quality of present work and can also help to prepare for future tasks in connection with aid consortia and the

Supplementary Financing Scheme. Special attention would have to be given to finding a compromise between the requirements of sophistication and practicality in model building, and to providing guidelines for commodity and country projections that would ensure their comparability and consistency. More generally, the possibilities for providing a consistent framework to all projection work should be explored.

Earlier I was asked to examine the work of the Export Projections and Trade Analysis group on commodity projections. The present proposal would entail a larger mandate to analyze the objectives and methods of projection work at the Bank, with a view to suggesting improvements for the future. Such a study may possibly be undertaken by one person or by a small group of people.

BBalassa/pam

cc: Messrs. Friedman
de Vries
King
Sacchetti

November 9, 1966

Dear Miguel:

Thank you for sending me the September issue of Comercio Exterior that contains my article. May I ask you to send a copy also to Mario Brodersohn of the Di Tella Institute.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. Miguel S. Wionczek
Head
Information Service
Centro de Estudios Monetarios Latinoamericanos
Durango Num. 54
Mexico 7, Mexico

November 9, 1966

Organisation for Economic Co-operation
and Development
Publications Center
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Sirs:

Having glanced at the book on "The Residual Factor
and Economic Growth" I have decided that I do not want to
keep it. Your invoice is enclosed and I am returning the
book under separate cover.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. A. Elsaas

November 9, 1966

Bela Balassa

The Tinbergen Model on Savings and External Gap

1. I am afraid that your note does not lead me to change the views I expressed in an earlier memorandum. My objective has been to show that -- your statements notwithstanding -- the Tinbergen model is fully consistent. There can be little doubt that it is.

2. In your note you repeat the calculations presented in your earlier paper. But these are hardly relevant to the discussion since one cannot modify an author's model and then blame him for the results. This is what you have done in your paper by replacing Tinbergen's import relations by one that is foreign to his model. It is not surprising, therefore, that you get nonsensical results.

3. As to the import relations themselves, you argue that "there is no 'import content' in incomes, only in flows of goods and services." But Tinbergen does not deal with 'import content'; rather, he uses import propensities: the share of imports in national income and in the expenditure on national goods. Import propensities have long been employed in theoretical and empirical research and there is no basis for the statement that "such a relation has no place in the kind of model Tinbergen is using." At the same time, it is not clear what you mean by the import content of exports unless you are using input coefficients.

4. I will be glad to answer any questions you may have relating to the discussion if you come to my office.

BBalassa/pam

cc: Messrs. de Vries
Hawkins

November 8, 1966

Mr. S. El-Naggar
Associate Director
Research Division
UNCTAD
Palais des Nations
1211 Geneve 10
Switzerland

Dear Mr. El-Naggar:

Please excuse the delay in answering your letter but I spent some time in bed with a slipped disc. In your note on "Ceiling to Protection as a Means to Promote Regional Trade" you have provided an interesting discussion of the implications of UNCTAD's proposal on regional tariff ceilings in less developed areas. My comments are aimed at exploring some of the implications of your analysis and correcting errors in argumentation. I will proceed step by step by removing the restrictive assumptions applied.

1. Your basic model is the one used by Viner and Meade which assumes that production takes place under constant or increasing costs and that transportation costs are nil. If we also assume that there are no tariffs on inputs, the percentage excess of the marginal cost of production in a particular country over the cost of the most efficient source of supply (the world market price) can be taken to equal the rate of tariff in this country. Assume now that a ceiling is imposed on tariffs applied in trade among the countries of a given region as proposed by UNCTAD. Such a ceiling would provide a preference margin in intra-regional relations. The condition of creating intraregional trade in a given commodity will then be that the preference margin exceeds the tariff applied by the lower-cost producer in the region. If, for example, country A is the outside supplier of the commodity in question, while the two countries of the region impose tariffs of 10 percent (country B) and 25 percent (country C), a tariff ceiling of 12 percent will provide a 13 percent preference in favor of country B in country C's markets, and will lead to exports from the former to the latter.¹

But what will happen to production in country B and to the exports of country A? The answer will depend on the assumptions made in regard to the shape of the cost curve. If production takes place under constant costs, country B will fully replace exports from country A. Different conclusions apply, however, under increasing cost conditions. While producers in country B will have an incentive to export to country C, their production, in this case, will tend to increase by less than the amount exported.

¹ Incidentally, country B could not have exported the commodity in question before the regional tariff ceiling is applied as you suggest on p. 5 unless one deals with differentiated commodities. But, in the latter case, the entire analysis has to be reformulated since your model relates to standardized products.

Let us assume, for example, that domestic production in country B expands by 10 units as sales to country C are made.¹ Country C's demand for exports from country B in amounts exceeding 10 units can then be supplied only at the expense of B's domestic consumption and will require an increase in B's imports from country A. This conclusion follows since domestic prices in country B cannot rise above the sum of the world market price and the tariff. Accordingly, there will be a shift in country A's exports from C to B in the amount of the expansion of B's exports to C less the increase in B's production due to the higher prices obtained in C. At the same time, B's exports may in part replace country C's own production and in part substitute for C's imports from country A.

It follows that the welfare implications of establishing a tariff ceiling on intra-regional trade will depend on the assumptions made in regard to cost conditions. If production takes place under constant costs in all countries and country C was not a producer to begin with, the intra-regional preferential arrangement will lead to trade diversion -- a shift of C's imports from A to B -- which involves a welfare loss for the region. On the other hand, if countries B and C produce under increasing costs, the expansion of intra-regional trade will generally involve trade creation as well as a redirection of exports. The former will lead to an improvement in welfare since it entails a replacement of C's production by B's output produced at lower costs while the latter will involve only an income transfer from country C to B.

2. The introduction of transportation costs will modify the analysis, in part because the excess of domestic marginal costs over the cost of the most efficient producer outside of the region will now equal the sum of tariffs and transportation costs, and in part because intra-regional trade flows will be affected by transportation cost differentials as well as by the preference margin. If we assume that transportation costs from country A to B and to C are the same, the condition of creating intra-regional trade is that the preference margin exceeds the sum of tariffs and transportation costs in the lower cost producer of the region. This expression has to be adjusted for differences in the cost of transportation between A and C as against A and B, if transportation costs are not identical in the two cases.

1

If we take the world market price to be \$1.00, B's producers can obtain a price of \$1.30 (net of tariffs) on C's market as compared to \$1.20 at home. Correspondingly, they will tend to expand production to the point where marginal cost equals \$1.30, the price received on country C's market. This point will not be reached, however, if the quantity in question exceeds the sum of imports and production carried out at a cost of \$1.30 or more in country B.

3. Next we may introduce duties levied on inputs in the countries of the region. The condition of creating intra-regional trade will now depend on tariffs on inputs as well as ^{on} outputs and the analysis has to be reformulated accordingly. At the same time, the calculation of effective tariffs will be necessary for deriving welfare conclusions.

Assume that, in the previous example, material inputs account for 60 percent of the value of the product under free trade conditions and that these inputs are subject to a 30 percent tariff in country C but are not dutiable in B. While nominal tariffs are 25 and 10 percent in the two cases, the effective rate of protection will be 17.5 percent in country C as against 25 percent in country B.¹ In other words, C is a more efficient producer than B and the establishment of a tariff ceiling on all commodities in intra-regional trade will not lead to exports from B to C. If, however, the tariff ceiling does not apply to the material inputs of the commodity in question, intra-regional trade will be created but the replacement of country C's production by imports from country B will reduce rather than increase welfare.

4. Economies of scale introduce further complications -- and greater realism -- in the analysis. Static trade diversion may now be offset by the dynamic benefits of increased trade but information on the extent of economies of scale will be necessary to derive any conclusion on trade and welfare.

5. The analysis is further modified if quotas rather than tariffs are the relevant means of protection. As you correctly note, the tariff equivalent of the quota -- the implicit tariff -- has to be calculated in this case. You are also correct in saying that one now faces the additional complication that the effect of an enlargement of quotas on domestic prices is not known.

To deal with the latter question, you suggest the use of the formula

$$\frac{Q'}{Q} = \frac{T}{T'}$$

where Q is the current quota, Q' the target quota, T the tariff implicit in the current quota, and T' the target rate of protection. But this formula is hardly helpful since the assumed proportionality between actual and target quotas and tariffs will hold only under special circumstances. Your example makes this clear although you should add that the new domestic price will

¹ It is recalled that the formula for calculating effective duties is

$$z = \frac{t - \sum ms}{1 - \sum ms} = \frac{t - \sum ms}{v}$$

when z and t are the effective and the nominal rates of tariffs on the product in question, s is the tariff rate on inputs, m refers to input coefficients and v to value added.

Mr. El-Naggar

- 4 -

November 8, 1966

depend on the elasticity of domestic demand and supply. While the percentage decrease in domestic prices will equal the percentage increase in total supply due to the enlargement of the quota if the domestic demand elasticity equals unity and domestic supply is inelastic, the decline in prices will be smaller, the greater in the elasticity of domestic demand. In the extreme case, when domestic supply is infinitely elastic, prices will not fall at all.

But what are the values taken by the relevant elasticities? You seem to suggest that low demand elasticities and a high proportion of imports in domestic consumption is a rather exceptional combination. I doubt this: it seems to me that these conditions are fulfilled in the case of industrial materials and machinery which predominate in the imports of the LDC's.

In conclusion, further work along these lines would appear to be both useful and desirable. I will be interested to see your future work on this subject or any other. Let me add here that I plan to read the UNCTAD report on "Trade Expansion and Economic Integration among Developing Countries" soon and will send my comments to Eckenstein. I may also do further writing on the economic implications of establishing tariff ceilings in developing regions.

Yours very truly,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

P.S.

I just received Harry Bell's letter of November 2nd; I plan to answer it tomorrow.

November 8, 1966

Dear Professor Eckstein:

Earlier this year you kindly accepted for publication in the Review of Economics and Statistics, my article, written jointly with M. E. Kreinin, on "Trade Liberalization and the 'Kennedy Round': The Static Effects." I am writing to you to ask that when the article is published, the proofs be sent to me at the address shown on the letterhead.

May I take this opportunity to inquire if you have decided in which issue of the RES the article will be included. Given the topical importance of the paper, I would appreciate an early publication.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Otto Eckstein
The Review of Economics and Statistics
232 Littauer Center
Cambridge, Mass. 02138

Mr. A. M. Kamarck

November 7, 1966

Bela Balassa

Suggestions for invitations to lecture
at Economics Department Seminars

Hollis B. Chenery, Professor of Economics, Harvard

"Inter-country - Intertemporal Patterns of Industrial Growth"

Theodore Geiger, Chief of International Studies, National Planning Association

"Policies in Industrial Countries towards Developing Economies"

Arnold Harberger, Professor of Economics, University of Chicago

"Economic Model Building in Less Developed Countries"

Albert Hirschman, Professor of Economics, Harvard

"Evaluation of Projects in Latin American Countries"

G. P. Kindleberger, Professor of Economics, MIT

"Exchange Rate Systems in Less Developed Countries"

Harvey Leibenstein -- Visiting Professor, Harvard

"Allocative Efficiency and Technological Change"

John Pincus, Senior Researcher, Rand Corporation (Washington)

"The Costs and Benefits of Foreign Aid"

Gustav Ranis, Assistant Administrator, AID

Topic to be determined

Alan Strout, Chief, Policy Planning Division, AID

"Models of Projecting Foreign Aid Requirements"

I wish to add that I have not talked to any of the people listed above concerning a possible invitation. The suggested topics relate to their recent research.

BBalassa/pam

cc: Messrs. de Vries
King
Sacchetti

November 4, 1966

Dear Angus,

I am sorry for the delay in answering your letter; I was in bed with a slipped disc and couldn't get to it before. I don't recall seeing any comparisons of tariffs in African countries. However, ECAFE study the problem of tariffs and quotas in Asia and has prepared some comparative tables. I suggest that you write to them for information.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. Angus Maddison
OECD
91, boulevard Exelmans
Paris XVI, France

November 4, 1966

Dear Mr. Rand:

I have written to the Canada Council supporting your application for fellowship renewal. I hope that you will get it.

I will be happy to write recommendations if you need them for other purposes.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. R. N. Rand
41 Howe Street
New Haven, Connecticut

Mr. B. Balassa

November 4, 1966

B. A. de Vries

Terms of Reference

You are authorized to travel to New York on Monday, November 7th, for the purpose of conferring with Sidney Dell of UNCTAD and the Industry Division of the UN on matters relating to projection work and to the study of protection in less developed countries.

File -
~~Handwritten scribbles~~

November 4, 1966

Dear Professor Carter:

In response to your letter of October 7th, I am enclosing an abstract of my "Trade Creation and Trade Diversion in the European Common Market" to be published in the March, 1967 issue of the Economic Journal. I am sending two copies of the abstract in the prescribed format so that you can forward one to the Journal of Economic Abstracts.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor C. F. Carter
The University of Lancaster
Bailrigg House
Lancaster, England

The Economic Journal

Title: TRADE CREATION AND TRADE DIVERSION IN THE EUROPEAN COMMON MARKET

Author: Bela Balassa

The study inquires into the trade-creating and the trade-diverting effects of the European Common Market in the period 1958 - 1965. It is shown that the establishment of the EEC has created new trade among the member countries in most major commodity groups. At the same time, while trade diversion is indicated in regard to several commodity categories, the "external trade creation" observed in the case of fuels and machinery has apparently compensated the nonmember countries, taken together, for these trade diverting effects. However, the impact of the Common Market on individual suppliers has differed to a considerable extent, depending on the commodity composition of their exports to the EEC.

External trade creation (an acceleration of the growth of imports from nonmember countries as compared to rise of GNP in the Common Market) in fuels is explained by the energy policy of the EEC countries which is oriented toward external sources of supply at the expense of domestic coal. In turn, the rapid expansion of machinery exports has apparently been due to the combined effects of the investment boom following the Common Market's establishment and the limitations of domestic machine building capacities. Correspondingly, with the passing of the investment boom, the expansion of extra-area imports of machinery has slowed down to a considerable extent in recent years.

The author suggests that trade creation in the Common Market will continue as internal tariffs and the uncertainties associated with the possibility of a reimposition of tariffs and other trade barriers are removed. In turn, the application of the common agricultural policy and increasing tariff discrimination against outsiders can be expected to augment the trade-diverting effects of the Common Market. Finally, the paper examines the possible effects of an acceleration of economic growth in the EEC on imports from nonmember countries.

Economic Journal, March 1967, pages (English)

International Bank for Reconstruction and Development, U.S.A.

November 3, 1966

Dear Mario:

Thank you for your letter of October 20th.

To avoid misunderstanding I would like to repeat my request contained in my letter of October 5th that you ask Tom Davis for approval to publish the Spanish translation of my paper. You would also have to write to him if you want to publish the paper in English; I doubt, however, that he would agree to this since the Cornell volume will come out in the summer of 1967.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Mario S. Brodersohn
Director
Instituto Torcuato Di Tella
Centro de Investigaciones Economicas
Virrey del Pino 3210
Buenos Aires (26), Argentina

November 3, 1966

The Secretary
International Monetary Fund
19th and H Streets N.W.
Washington, D. C.

Dear Sir:

I have been subscribing to the IMF Staff Papers over the past several years. I have not received any issues, however, for the year 1966. I wonder if I may ask you to check whether my subscription has expired or whether the issues have not been sent to me for any other reason. I have a faculty subscription at the annual rate of \$3.00.

Please note that during the present academic year my address is as shown on the letterhead. The Staff Papers, including the back issues for the year 1966, should be sent to this address.

Yours very truly,

Bela Balassa
Adviser
Economics Department

November 3, 1966

Mme. M.-G. Foin
Bureau d'Information des Communautés Europeennes
61 Rue des Belles-Feuilles
Paris XVI, France

Chere Madame,

Je viens de recevoir une copie des rapports presente au Colloque sur "La Politique Industrielle de l'Europe Integree et l'Apport des Capitaux Exterieurs." Quoique j'ai envoye au Professeur Bye la version corrigee de mon rapport, je trouve que les corrections n'etaient pas faites dans le texte; j'espere bien qu'elles seront faites dans le livre publie par l'Universite de Paris. Veuillez me faire savoir si vous avez recu mon papier avec des corrections; je l'ai envoye pendant le mois d'aout.

Je vous prie a croire, chere Madame, a l'expression de ma parfaite consideration.

Bela Balassa

November 3, 1966

Credit Legonnaire
Agence 429
Av. Mozart 141
Paris 16^e, France

Monsieur,

Je viens de recevoir le relevé de mon compte 738093 C pour le mois Septembre. Pourtant je n'ai pas reçu le relevé pour le mois d'août. Veuillez m'en envoyer une copie à mon adresse personnelle, 2500 Que Street N.W., Washington, D.C.

Veuillez trouver ci-enclos deux chèques due \$159.50 et \$55.00; le montant de \$214 doit être porté à crédit de mon compte.

Je vous prie de croire, Monsieur, à l'assurance de mon considération distinguée.

Bela Balassa

November 2, 1966

Dear Dr. Jenkins:

This is to inform you that I have sent to you today a dedicated copy of my "Theory of Economic Integration".

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Dr. Helmut Jenkis
Verbandsdirektor
Verband Neidersachsischer Wohnungsunternehmen e.V.
(3) H a n n o v e r
Am Leibnizufer 19
Germany

November 1, 1966

Dear Mr. Welsh:

This is to confirm our telephone conversation and to ask you to pick up a case of furniture being held at the Appraisal Building, 103 South Gay Street, Baltimore, Maryland. A release order has been left with the clerk. The description of the shipment is as follows:

Shapiro #1 covering one case of antiques
by informal entry No. 1340911

If there are any further problems in locating the above, please contact customs inspector, Mr. H. Hicks.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. K. Welsh
Operating Department
Davidson Transfer Company
6201 Pulaski Avenue
Baltimore, Maryland

November 1, 1966

Dear Larry:

I have delayed answering your letter inviting me to give a paper at your Latin American Seminar because I have been in bed with a slipped disc. I have checked my schedule in the meantime, however, and I am afraid that I will not be able to come on November 30th. It may be best, therefore, to postpone my lecture to early next year when I could combine it with a visit to Wisconsin.

I hope that the condition of my back will be sufficiently improved so as to enable me to participate at next week's conference.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. Larry A. Sjaastad
The University of Chicago
Department of Economics
Chicago, Illinois 60637

October 31, 1966

Dear Mr. Fricke:

I have recently checked the monthly statements that were sent to me during my absence from the United States. Comparing the statements with the dividend checks received from you I find that one of the checks is missing. This was in the amount of \$26.42 and appears on the June statement under date of June 15th. May I ask you to inquire at your business office as to whether they have a record of payment on this check. Should they have no such record, I would appreciate your placing a stop payment on the check and issuing a new one.

Also on the June statement under date of May 25th, I am debited with the amount of \$8.28 for dividend on Sangamo Electric although there is no corresponding credit item. I do not know, therefore, why I was debited with this amount.

I am planning to sell stocks in order to establish a tax loss of \$3,000. I would appreciate it if you could give the enclosed list of my stocks to your Research Department to get advice on sales to be made for tax loss purposes. I would also like to have advice on stocks I may purchase as a replacement. In this connection I would like to add that according to a recent advertisement in the New York Times, Research Report No. 15 of your firm discusses the question of sales for tax loss purposes. Could you please send me this report by return mail.

Yours very truly,

Bela Balassa
Adviser
Economic Department

encl.

Mr. C. A. Fricke
Hayden, Stone Incorporated
One Wall Street
New York, N. Y. 10005

Mr. BELA BALASSA - No. 49-1010-1-206

	<u>STOCK</u>	<u>NO. OF SHARES</u>	<u>PURCHASE PRICE</u>	<u>LATEST PRICE</u>
<u>NYSE</u>	Boeing	45	80	48
	Canteen	100	32 $\frac{1}{2}$	19-1/8
	Eastern	40	87-3/8	56-5/8
	Fairchild	20	174	102
	Kaiser	75	39 $\frac{3}{4}$	35-1/8
	Magnavox	70	44 $\frac{1}{2}$	42-3/8
	Massey	60	34-3/4	21-3/4
	McLouth	100	45	28
	Sangamo	100	31-5/8	24
	Unit Art	100	25-3/8	26 $\frac{1}{2}$
<u>ASE</u>	Elco	100	24	19-5/8
	GTI	278	10-5/8	7-3/8
	Syntex	25	108 $\frac{1}{2}$	68-3/8
	Zapata	100	20 $\frac{1}{2}$	25-3/8
<u>OTC</u>	Windsor Life	300	13-7/8	9-3/4

October 31, 1966

Dear Steve:

Thank you for your letter of October 25th. I agree with your comments; I stressed the comparison of the two models and paid little attention to qualifications because I considered the note as a preliminary paper. I will be revising it next week with a view to publication (jointly with Dani Schydrowsky) in one of the journals. I will then send you a copy of the revised version.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Stephen Lewis
Harvard University
Department of Economics
1737 Cambridge Street
Cambridge, Massachusetts

October 31, 1966

Dear Henry:

Many thanks for your recent letters. Mr. Bernardo Vega has not yet contacted me but I will be glad to read his book whenever he does.

While I agree with you that trade diversion is inherently inflationary, my results for the EEC do not indicate trade diversion in the aggregate. However, the paper points to the conclusion that the investment boom following the Common Market's establishment has been an important inflationary force. Another influence, related to the former, has been the over-full employment situation existing in several of the Common Market countries. (I have indicated the relationship between unemployment and the rate of increase of wages in Germany in a note published in the *Economic Journal* about two years ago.) Let me add here that the *Economic Journal* will publish a revised version of my trade creation paper in the March, 1967 issue. The revision incorporates data for the years 1964 and 1965 but the results are hardly affected.

I share your doubts concerning the validity of the imported inflation thesis in U.S./European relationships. If one uses a Keynesian model, the current account deficit of the Common Market (and Europe as a whole) with the United States has been a deflationary rather than an inflationary influence. Should you wish to use a quantity theory type model instead, Europeans can avoid the inflationary effects of a surplus in the total (net) balance by neutralizing the increase in foreign exchange reserves.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Henry C. Wallich
Professor of Economics
Department of Economics
Yale University
37 Hillhouse Avenue
New Haven, Connecticut

October 28, 1966

Dear Al:

The Growth Center financed my summer research on trade creation and trade diversion in the Common Market. The results of this research will be republished in article form in the March, 1967 issue of the Economic Journal.

Since the Growth Center presumably wants to include this paper in its reprint series, I would like to ask you to order the usual 700 reprints from the Economic Journal. This should be done as soon as possible since Professor Carter, the Editor of the EJ, asked me for an immediate answer regarding the reprints we will need.

The order should be sent to the following address:

Professor C. F. Carter
The University of Lancaster
Bailrigg House
Lancaster, England

The exact title of the article is "Trade Creation and Trade Diversion in the European Common Market."

May I ask you to have a carbon copy of the order sent to me at the address shown on the letterhead.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Albert Berry
Economic Growth Center
52 Hillhurst Avenue
New Haven, Connecticut

October 28, 1966

Dear Professor Carter:

In response to your recent inquiry, I wish to inform you that I will need 700 (seven hundred) reprints of my "Trade Creation and Trade Diversion in the European Common Market" article. The reprints should be without cover because the Economic Growth Center of Yale University will include the paper in its reprint series which has a special cover. The Growth Center will send you a formal order for the reprints and will also pay the cost above the 50 copies that are supplied free.

I will send you an abstract of the paper for inclusion in the Journal of Economic Abstracts in about a week.

Sincerely,

Bela Balassa
Adviser
Economics Department

Professor G. F. Carter
The University of Lancaster
Bailrigg House
Lancaster, England

DECLASSIFIED

CONFIDENTIAL

Mr. H. E. Dyer

OCT 03 2022

October 28, 1966

Bela Balassa

WBG ARCHIVES

Mr. A. L. Bianchi

Mr. Bianchi was my student for two consecutive years and I also advised him on possible thesis topics. He came to Yale in the IFEA (International Foreign Economic Administration) program which gives a Master's Degree in economics. He had an excellent record in my theory course as well as in other courses and the following year we admitted him as a second year Ph.D. student. Again he gave an excellent performance (I had him in a course on international trade). After two years Bianchi took the comprehensive (qualifying) examination for the Ph.D. and passed it with honors. This does not happen very frequently; on the average there are two or three honor students in a group of 20 to 25.

Students in the third year of their studies often relax and delay starting work on a dissertation. Bianchi was no exception. At the same time he was distracted by the Cuba project which took up (research and writing) a good six months of his time. He stayed for part of a fourth year but the opportunity of teaching in Chile and his apparent inability to find a dissertation topic prompted him to leave.

Next time I saw him was in September, 1965. We had a long conversation and I encouraged him to embark on a dissertation. As far as I know, he has not followed up my suggestion. It seems to me that the atmosphere in Chile brought out his natural laziness. Let me add, however, that in the meantime, Bianchi obtained a law degree in Chile.

Despite Bianchi's apparent difficulties in focusing on research and writing, I would highly recommend him for employment at the Bank, preferably in the Economics Department. He has a good background in economics and a quick mind. I have no doubts that he would contribute to the economic work at the Bank if he was properly directed and supervised. To give you an idea of his ranking at Yale, I might say that as a student he was much better regarded than de Fontenay. (Triffin may disagree on this point but he is extremely biased in favor of Frenchmen.)

BBalassa/pam

cc: Mr. A. M. Kamarck

October 28, 1966

Dear Sirs:

This is to inform you that my medical insurance with you will be transferred to the Group Hospitalization Plan of the International Bank as of September 1st. They will contact you in the near future to effect the transfer.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Connecticut Medical Service, Inc.
Post Office Box 1591
New Haven, Connecticut 06506

October 28, 1966

Dear Sir:

1322315 - 5411NA

In reply to your request of October 21st, I enclose a bill I received from the Connecticut Medical Service, Inc. As indicated on the bill, my membership number is P 050984, Group No. 1778-03.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Group Hospitalization Inc.,
GHI Building,
1021 14th Street, N.W.,
Washington, D. C. 20005

October 26, 1966

Dear Dani:

Many thanks for your letters of October 21st. I am glad that you agree to our writing a joint paper on the Bruno measure. I hope to do some work on it next week and will send you a revised version.

I fully agree with you as to the need of comparing the duties actually levied with nominal rates. Please send me a description of work to be done and a budget as soon as you can. I am reasonably sure that I can get financing for it.

In my earlier letter I noted that the Bank would like to make payment through an institution such as DiTella or the Harvard Advisory Group. Should this create any problems, we would raise your budget.

With best regards,

Sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Daniel M. Schydrowsky
Harvard University Development Advisory Service
Casilla 982
Correo Central
Buenos Aires, Argentina

October 26, 1966

Dear Professor Gurley:

I will be happy to review America in the Market
Place by Paul Douglas.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor John G. Gurley
American Economic Review
Room 220
Stanford University
Stanford, California 94305

October 21, 1966

Dear Professor Williamson:

I would appreciate it if you could sent me the information on the program of the December meetings of the American Economic Association. I would also like to receive hotel reservation forms.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Harold F. Williamson
Secretary of the American Economic Association
Northwestern University
629 Noyes Street
Evanston, Illinois 60201

October 27, 1966

Dear Harry:

It seems that there is some relationship between my writing a paper for UNCTAD and having a slipped disc. You may recall that I had this problem last May; I have it again now. I am not sure as yet how long it will last so I cannot guess the possible delay in sending you the paper. It seems clear, however, that I will not be able to keep the October 31st deadline.

I regret this delay and I hope that I will be up again soon and will be able to send you the paper in the first half of November.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

P.S.

I read your work program on the tariff sample with great interest. My only question is if you will use some kind of weighting in the calculations to express the relative importance of various commodities. As I mentioned to you earlier, I used the combined imports of the industrial countries as weights in calculating tariff averages.

Mr. Harry H. Bell
Director, Research Division
UNCTAD
Palais des Nations
Geneva, Switzerland

October 27, 1966

Graduate Reserve Librarian
Johns Hopkins University
Baltimore, Maryland

Dear Madam:

I am enclosing a copy of my article, "Tariff Reductions and Trade in Manufactures among the Industrial Countries". Would you please be good enough to make two zerox copies of this article and put them on my reserve shelf for graduate students in Economics 341. The original should be returned to me at the above address.

I would appreciate it if you could attend to this as quickly as possible. Many thanks.

Yours very truly,

Bela Balassa
Adviser
Economics Department

October 21, 1966

Mr. Stewart Woster
District Sales Manager
Pan American World Airways
1725 K Street N.W.
Washington, D. C.

Dear Mr. Woster:

Mr. Balassa is at present out of town but he asked me to write to you to thank you for sending the cheque for \$25.00 to cover repairs on his suitcase which was damaged while travelling on your airlines.

Your prompt attention to this matter is very much appreciated.

Sincerely,

Secretary to Mr. Balassa

2500 Q Street N.W.
Washington, D.C. 20007

October 20, 1966

Subscription Department
Saturday Review
380 Madison Avenue
New York City, N. Y.

Dear Sirs:

This is to advise you that Mr. Bela Balassa has moved from New Haven, Connecticut. His present address is 2500 Q Street N.W., Washington, D.C. 20007. Would you please be good enough to change your records accordingly? I am attaching an old mailing label for your assistance in this connection.

Your prompt attention to this matter will be appreciated.

Yours very truly,

Secretary to Mr. Balassa

/pam

2500 Q Street N.W.
Washington, D.C. 20007

October 20, 1966

Subscription Department
Newsweek
350 Dennison Avenue
Dayton, Ohio

Dear Sirs:

This is to advise you that Mr. Bela Balassa has moved from New Haven, Connecticut. His present address is 2500 Q Street N.W., Washington, D.C. 20007. Would you please be good enough to change your records accordingly? I am attaching an old mailing label for your assistance in this connection.

Your prompt attention to this matter will be appreciated.

Yours very truly,

Secretary to Mr. Balassa

/pam

2500 Q Street N.W.
Washington, D.C. 20007

October 20, 1966

Harper's Subscription Department
Fulfillment Corporation of America
381 West Center Street
Marion, Ohio

Dear Sirs:

This is to advise you that Mr. Bela Balassa has moved from New Haven, Connecticut. His present address is 2500 Q Street N.W., Washington, D.C. 20007. Would you please be good enough to change your records accordingly? I am attaching an old mailing label for your assistance in this connection.

Your prompt attention to this matter will be appreciated.

Yours very truly,

Secretary to Mr. Balassa

/pam

2
October 20, 1966

Dear Ted:

Thank you for your note concerning the study on "Capacity Expansion Planning Factors." I certainly understand that you cannot send such a high-priced book free of charge. The Joint Library of the Bank and the Fund do not yet have a copy; I have asked them today to order one from the NPA.

It was good to see you and I hope that we will have the opportunity to meet again soon. Please convey my best regards to Frances.

Sincerely,

Bela Balassa

Mr. Theodore Geiger
Chief of International Studies
National Planning Association
1606 New Hampshire Avenue, N. W.,
Washington, D. C. 20009

October 20, 1966

Dear Mrs. Lavarello:

Mr. Balassa asked me to send you the enclosed class card of Richard John Miles, who dropped the International Trade course. He will come in to pick up the card.

Yours very truly,

Secretary to Mr. Balassa

encl.

Mrs. Angela Lavarello
The Johns Hopkins University
Baltimore, Maryland 21218

October 19, 1966

Dear Arthur:

Many thanks for your letter of October 14th.

Our project on protection is proceeding well but I don't think that we will be able to provide any results before the end of next year. Needless to say, I will be glad to answer any further questions that may arise concerning the project.

Please convey my best regards to Tony Geber.

Sincerely yours,

Bela Balassa
Adviser
Economic Department

Mr. Arthur Karasz
International Bank for Reconstruction and Development
4, Avenue d'Iena
Paris 16^e, France

October 19, 1966

Dear Dave:

Lunch on Monday, November 7th, is fine with me. I will come to Van's office at 12:30 as you suggested.

With best wishes,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. David W. MacEachron
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

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CONFIDENTIAL

October 18, 1966

Mr. A. M. Kassarck

Bela Balassa

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"The World Bank's Estimates of the Capital Requirements of the Under Developed Countries"

My general impressions of the study on "The World Bank's Estimates of the Capital Requirements of the Under Developed Countries" are rather unfavorable. For one thing, the professional level of writing leaves much to be desired; for another, the study does not live up to the claim of having provided estimates on the amount of foreign capital that developing countries would be able to absorb. The projections contained in the economic reports relating to 45 countries apparently reflect a variety of principles and assumptions, and the methods of estimation used are rarely appropriate for measuring absorptive capacity. At the same time, in the absence of a consistency check, the aggregation of these estimates involves an error of unknown magnitude. Finally, questions arise about the reliability of the data and the projections in the case of countries for which economic reports are not available.

It would appear, therefore, that the study would require extensive rewriting and recasting if it were to be made public. Without such revisions it would be open to criticism on the part of other agencies engaged in forecasting work.

BBalassa/pam

cc: Messrs. Friedman
de Vries
King
Sacchetti
Collier

October 18, 1966

Dear Mary,

Enclosed is the report on Swoboda's dissertation.
I hope that it will arrive in time.

I am settled now in Washington and am enjoying
life here.

I wonder how my students did on the comprehensives.
May I ask you to send me a copy of the final results.

Yours very sincerely,

Bela Balassa
Adviser
Economics Department

⁷⁰
Miss Mary Y. Doody
Department of Economics
Yale University
37 Hillhouse Avenue
Box 1972 Yale Station
New Haven, Connecticut

Mr. A. M. Kamarck

October 17, 1966

Bela Balassa

1966 Publications by Staff Members

In reference to your memo of September 21, I am listing below my publications in the year 1966.

"Les effets du Marche Commun sur les courants d'echanges internationaux," (with Alain Camu) Revue d'Economie Politique, 1966 (2), pp. 201-27.

"Tariff Reductions and Trade in Manufactures among the Industrial Countries," American Economic Review, June, 1966, pp. 466-73.

"American Direct Investments in the Common Market," Banca Nazionale del Lavoro Quarterly Review, June, 1966, pp. 121-146.

"Planning in an Open Economy," Kyklos, 1966 (3), pp. 385-410

"Wirtschaftliche Entwicklung und Internationales Handel," in Entwicklungspolitik, ed. H. Besters and E. Boesch, Stuttgart, Kreuz Verlag, 1966

"Aussenhandelstheorie," in Sowjetsystem und Demokratische Gesellschaft, ed. C. D. Kernig, Freiburg, Herder Verlag, 1966.

BBalassa/pam

October 17, 1966

Dear Mr. Bouix:

On October 3rd I wrote to you inquiring about the reasons for the delay in shipping the Peugeot 404 I ordered last August. Since this letter has remained unanswered, I am lead to believe that the car has still not been shipped. This unwarranted delay has caused me considerable expense and I cannot accept delivery at such a late date. I wish, therefore, to cancel my order for the car and to receive a full refund of the purchase price.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Claude Bouix
Peugeot
Ventes Aux Etrangers et Diplomates
154 Champs-Elysees
Paris 8^e, France

October 17, 1966

Dear John:

Apparently I was misinformed about the date of your Seminar at Hopkins. I have just been told that you will come on the 11th rather than the 9th of November. This will permit me to attend the Seminar; needless to say my offer to drive you to Washington still stands.

Very sincerely,

Bela Balassa
Adviser
Economics Department

Professor John C. Fei
Department of Economics
Cornell University
Ithaca, New York

Miss J. Patterson

October 14, 1966

B. Balassa

Telephone Expenses

While looking through my files I found the accounting my secretary prepared on telephone expenses which covered calls made in connection with my work for the Bank as consultant. The accounting itemizes the breakdown of \$53.65 for which I requested reimbursement. Comparing this to the bills returned to me, I found that the latter do not include several of the items listed in the accounting. It appears, then, that some of the bills have gotten lost. Since, however, the amounts appearing in the accounting were copied from the original bills, I will ask that the entire amount -- \$53.65 -- should be paid to me.

Please return the accounting to me because I need it for my tax records.

BBalassa/pam

Nov. 3 -

October 14, 1966

Dear Mr. Shrader:

I wrote to you on September 22nd concerning the bill for installing my Hi Fi equipment. Since I have not yet received an answer, I assume that the letter has gotten lost. I am, therefore, enclosing a copy with the request for an early answer.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. Shrader
Shrader Sound Inc.
2803 M Street N.W.
Washington, D.C.

October 14, 1966

Dear Alain:

- In response to your recent letter, I sent you 15 reprints of our joint article via airmail, printed matter. I am sending you another 10 copies today; I am enclosing a partial list of people to whom I have sent reprints. This will make it possible for you to save on your own 25 copies.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. Alain Csamu
55 Drove Des Gendarmes
Brussels, Belgium

October 14, 1966

Dear Sirs:

I wish to subscribe to The Economist, Airmail edition, at an annual fee of \$29.50. Please start my subscription on October 1st, if possible, and send it to me at my home address, 2500 Q Street, N.W., Washington, D.C.

Yours very truly,

Bela Balassa
Adviser
Economics Department

The Economist
415 Madison Avenue
New York 17, N. Y.

October 13, 1966

Dear Professor Power:

The enclosed memo was prepared for internal use at the Bank in connection with a project on import substitution. This project is independent of ours and it deals with specific industries in considerable detail.

Clearly, the topic of the memorandum is closely related to our own project and I expect to send around a supplement to the Outline and Methodology incorporating some of the ideas contained in the memo. I would, however, like first to have comments on the memo itself and I would appreciate it if you would let me have your reactions to it.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor John H. Power
Visiting Professor of Economics
University of the Philippines
P.O. Box 776
Manila, Philippines

October 13, 1966

Dear Tom:

May I remind you of your promise to send me a Xerox copy of the revised version of my integration paper. Joe Grunwald would like you to send him a copy also.

I recall your telling me that the volume is likely to be published next spring. Could you give me the exact title and the name of the publisher?

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Tom E. Davis
Conference Director
Cornell University Latin American Year
Ithaca, New York 14850

October 13, 1966

Dear Loretta:

The Dossier chapter arrived here about a week ago so now I have all my papers. We are again writing letters to all publishers so that they can send periodicals and other printed matter to my address at the Bank.

May I repeat my request concerning the time of arrival at Yale of Mr. Linder. Also I would like to know when the reprints of my AER, Kyklos and Banca Nazionale del Lavoro will be available. I would appreciate it if you could get information on these matters at the earliest.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Miss Loretta Tallon
Department of Economics
Yale University
37 Hillhurst Avenue
New Haven, Conn.



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - September through December 1966		Barcode No. 1081683		
Document Date October 13, 1966	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: Second National Bank of New Hawn				
Subject / Title Closing account				
Exception(s) Financial Information iv				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

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Personal and
Confidential

October 13, 1966

Dear Alan:

You may know that after a stint as an Adviser with the World Bank I will join Johns Hopkins as Professor of Political Economy next year. I find Hopkins a very congenial place, the members of the Department are of a high quality but it needs building up.

This is the reason for my writing to you on an informal and personal basis. I wonder if you are permanently settled at Stanford (if such a thing exists) or would you consider returning to the East coast if an attractive opportunity arose. The next question is whether you would consider Hopkins attractive.

Let me add here that we have hopes of establishing an institute dealing chiefly with development planning which, I believe, falls into your range of interests. The Department of Operations Research is also good here and it plans to expand further. The salaries are generally competitive.

I would appreciate it if you could give me a sign of your possible interest or disinterest at your earliest convenience. Needless to say, any indication of your possible interest will be held in strict confidence.

I hope that you have a pleasant and profitable stay in India. Please convey my best regards to your wife.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Alan Manne
U.S. Embassy - AID
APO 09675
New York City, N. Y.

October 13, 1966

Dear Mr. Jenkis:

Many thanks for your letter of October 5th. I appreciate your thoughtfulness in sending me the copy of my Integration book which I dedicated to Professor Varga. I will be sending a copy of the book with a personal dedication to you as soon as I receive copies of the second printing from the publisher. I expect to have them in about three weeks.

I congratulate you on your new appointment. I have no difficulty in reading German so please write your future letters in that language. If you permit me, I will answer in English because my secretary does not speak German.

I am with the World Bank as an Adviser for a year and will join John Hopkins University as Professor of Political Economy. At Yale I was Associate Professor and did not have a chair.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Helmut Jenkis
Head of Programme Section
United Nations
532 Bad Godesberg
Rheinallee 18
Germany

October 13, 1966

Dear Douglas:

After some delay, I received at last the chapter with your corrections. The corrections are fine with me and we will transcribe them on the copy to be sent to the publisher.

Thanking you again for your collaboration,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Professor Douglas Dossier
University of York
Department of Economics
Heslington, York
England

October 13, 1966

Dear Bill:

I am out of copies of my book, "The Theory of Economic Integration." I wonder if I may ask you to send me two copies of the second printing, which I have not yet seen. In the second printing my title is given as Associate Professor, Yale University; should a third printing be necessary, the title should be Professor of Political Economy, Johns Hopkins University. Let me add here that during the present academic year I am at the World Bank as an Adviser, and all correspondence should be addressed here.

Should you come to Washington within the next year, I would be happy if you would stop by for a chat.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

P. S.

I read a few days ago that Irwin is merging with the Dow Jones Company. Good luck!

Mr. William D. Crawford
Vice President
Richard D. Irwin, Inc.
1818 Ridge Road
Homewood, Illinois

October 13, 1966

Dear Sirs:

I seem to be running out of copies of my book on "Economic Development and Integration." May I ask you to send me two copies at author's discount?

Yours very truly,

Bela Balassa
Adviser
Economics Department

Committee for Economic Development
711 Fifth Avenue, New York, N.Y.

October 13, 1966

Dear Gerardo:

Many thanks for your letter of October 6th. I am happy to hear that things are going well with the project and you will be able to get assistance as well as data on prices.

Have you found the report prepared some years ago for the World Bank or should I look for a copy here? In the latter eventuality I would need the exact title of the report.

I understand that you had to postpone your trip to Washington because of your official travel to Montevideo. I am looking forward to seeing you and your wife next April. Please convey my best regards to her and to your parents-in-law.

Yours very sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

Mr. Gerardo M. Bueno
Nacional Financiera
Venustiano Carranza 25
Mexico 1, D. F. Mexico

October 13, 1966

Dear Mr. Wasserman:

I am extremely sorry but I have run out of reprints of my article "Whither French Planning?". You may, however, write directly to the Economic Growth Center at Yale University for a copy. They should still have some.

Many thanks for telling me about the articles by Pierre Drouin in Le Monde. While I am receiving Le Monde Hebdomadaire, these articles have not been reprinted in it. I can, however, get copies at the library of the International Bank where I am presently an Adviser.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Mr. G. J. Wasserman
Research Fellow in Economics
New College
Oxford, England

October 13, 1966

Dear Dani:

The enclosed memorandum was prepared for internal use at the Bank in connection with a project on import substitution. In the memorandum I have utilized your derivation of the relationship between the Bruno measure and the rate of effective protection and have further expanded on this comparison. I do not know if you used the derivation somewhere else but it seems to me that, in a revised form, the memorandum would make a nice note in one of the professional journals.

Needless to say, the memo needs to be reworked to eliminate references to the discussion within the Bank. Also, it will be necessary to explain the Bruno measure and the concept of effective protection in greater detail. Please let me know if it is agreeable to you to submit such a note to one of the journals (RES, JPE, EJ?) under joint authorship. We could then exchange drafts and comments until the product becomes "final".

I would expect that you have received by now my letter relating to data collection on special tariff exemptions in Argentina.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. Daniel Schydlofsky
c/o Harvard Development Advisory Service
Casilla 982
Correo Central
Buenos Aires, Argentina

October 13, 1966

Dear Steve:

The enclosed memo was prepared for internal use at the Bank in connection with a project on import substitution. This project is independent of ours and it deals with specific industries in considerable detail.

Clearly, the topic of the memorandum is closely related to our own project and I expect to send around a supplement to the Outline and Methodology incorporating some of the ideas contained in the memo. I would, however, like first to have comments on the memo itself and I would appreciate it if you would let me have your reactions to it.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Professor Stephen R. Lewis, Jr.
Center for International Affairs
Harvard University
1737 Cambridge Street
Cambridge, Massachusetts

October 10, 1966

Dear Dave:

I, too, am glad that the manuscript has gone off to the printer. I understand that the errors in the appendix have caused considerable trouble but all's well that end's well! I do not see any reason why I will not be able to keep the deadline for returning the proofs, and am looking forward to seeing the book in print.

The only problem outstanding now seems to be the fate of the second volume. I wonder if we could arrange a meeting to discuss this after the manuscript of this volume has been read by someone in the Council. May I suggest November 7th as a possible date. I rarely go to New York but I will be there on that day en route to Chicago.

With best regards,

Sincerely,

Bela Balassa
Adviser
Economics Department

cc: Mr. Harold van B. Cleveland

Mr. David W. MacEachron
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

October 10, 1966

Dear Van:

I am happy to say that my intervention has been successful and the manuscript has been sent to the printer. To keep you informed of recent developments, I am enclosing a letter from George Franklin.

Enclosed is also a copy of a letter to Dave MacEachron in which I asked him to set up a meeting to discuss the fate of the second volume, preferably on November 7th. I would appreciate it if you would use your influence to bring this about; I mailed the manuscript of this volume to the Council in early August but nothing seems to have happened with it since.

Looking forward to seeing you at the Council, I remain

Sincerely yours,

Bela Balassa
Adviser
Economics Department

encl.

Mr. Harold van B. Cleveland
Vice President
First National City Bank
399 Park Avenue
New York, N. Y.

October 10, 1966

Dear John:

I was happy to hear that you are coming to give a lecture and have dinner with us at Hopkins on November 9th. I am very sorry, however, that I will only be able to catch the tail end of your lecture as I will be at a Conference on Latin America at the University of Chicago until noon of that day.

Ed Mills tells me that you are planning to come to Washington after dinner to spend the night with your brother here. May I suggest that I drive you to Washington, which would give us an opportunity to talk at our leisure.

Looking forward to seeing you, I remain

X Very sincerely,

Bela Balassa
Adviser
Economics Department

Professor John C. Fei
Department of Economics
Cornell University
Ithaca, New York

October 7, 1966

Professor John H. Power
Visiting Professor of Economics
University of the Philippines
P. O. Box 776
Manila, Philippines

Dear Professor Power:

Thank you for your letter of September 14th. I am happy to learn of your willingness to participate in our project on the Structure of Protection in Developing Countries. I am certain that your study will be an important one and will greatly contribute to the success of our volume.

In the case of outside contributors to the project, the Bank's practice is to enter into a consultant arrangement with the individual. This arrangement covers the preparation of the country study and entails the payment of a fixed fee which is subject to negotiations. Thus far the maximum fee has been \$2,500; research expenses have not figured as a separate item because the contributors have access to research assistance.

May I ask you to let me know what you would consider to be an appropriate financial arrangement. Upon receipt of your letter I will immediately start making administrative arrangements at the Bank. It usually takes several weeks to prepare a contract.

To get from administrative questions to matters of substance, other contributors have also raised the question of price differentials between domestic and foreign products in the case where both are consumed domestically. As you indicate, such differentials may not correspond to differences in quality but rather give expression to consumer preferences. I suggest that the latter case should be handled in the same way as are quality differences since the higher prices paid for imported products generally do not depend on the tariff and the price differential is likely to be maintained also under free trade. In other words, for the study of protection, it makes little difference whether the customer is willing to pay more for foreign merchandise because it is genuinely superior or because he believes it to be superior.

October 7, 1966

Regarding the question of negative value added, I do not wish to deny that this may exist. However, my experience with Argentina leads me to believe that, more often than not, such a result is due to lack of information, misclassification or similar causes. Finally, my preference for expressing effective tariffs as a proportion of v_1 is explained by two considerations: first, the formula gives expression to the waste of domestic resources due to protection in terms of v_1 ; second, it provides comparable estimates for the individual countries.¹ But, as you note in your letter, we can easily convert the results obtained by one formula into another.

Let me say again that I am very glad to have your participation in the project and I look forward to a fruitful collaboration.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

P.S.

Copies of a Supplement to the Outline and Methodology and the import weights used in averaging tariffs are enclosed.

cc: Messrs. Kamarck
Dyer

October 7, 1966

Dear Mr. Franklin:

Enclosed are the Preface and the Introduction to my, "Trade Liberalization among Industrial Countries: Objectives and Alternatives". On the second page of the Preface, the names of my Study Group should be inserted.

It might be helpful at this point if I was given the name of the McGraw-Hill representative who will handle matters relating to the book. Also, I will be happy to prepare a draft of the blurb for the jacket of the book whenever this is required.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Encl.

Mr. George F. Franklin
Executive Director
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

October 6, 1966

Dear Mr. Franklin:

I am enclosing the completed manuscript of my study, except for the preface and introduction. These have reached me with some delay and I will mail them tomorrow, Friday.

In going through the manuscript, I have considered the comments made by Bill Dibold and Mrs. Stalson. I have also corrected the typing errors and have made stylistic changes. Finally, I have updated the numerical material by replacing data for 1963 with information available for 1964.

In connection with the updating of the numerical material, I have replaced one table and have corrected several others. Since the master copy of the tables is at the Council, I have prepared a list of all changes made in the tables. This list is enclosed.

May I ask you to call me if there are any problems with the manuscript. My telephone number is DU 1-2781.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

Mr. George F. Franklin
Executive Director
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021.

October 4, 1966

Dear Steve:

I was glad to see from your letter of September 22nd that you have made considerable progress with your book on Pakistan, and thus to your contribution to our volume. I am very much interested in seeing how you have handled the problems of service inputs, the use of direct price comparisons and the adjustment for overvaluation. These are all problems we have to deal with in one way or another and your experience will be of great help to the contributors. May I ask you to send me 8 copies of your paper for our use here and for distribution among other contributors?

I am sending to you under separate cover, the report on industries in Pakistan which you have requested. This report is still confidential and should be handled accordingly.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Stephen R. Lewis, Jr.,
Department of Economics
Williams College
Williamstown, Massachusetts 01267.

October 5, 1966

Dear Mario:

I have delayed writing to you until I could talk to Tom Davis about the publication of my paper. Tom tells me that he has already given permission to Wionczek to publish it in Spanish in the Comercio Exteriores. I talked to Wionczek about this and he has no objection to your re-publishing the paper in the volume on the di Tella conference. It would be necessary, however, for you to write to Tom Davis to ask for his approval.

Wionczek has also translated the paper into Spanish and he will take account of the numerous corrections I have made. You might want to get in touch with him to agree on the translation to be used.

Let me again express my view that the conference was a successful one; I only hope that it may have some influence on Argentine's policy-making.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Mario Brodersohn
Director
Instituto Torcuato di Tella
Centro de Investigaciones Economicas
Virrey del Pino
Buenos Aires, Argentina

October 5, 1966

Dear Dani:

I have given some thought to the problem of special tariff exemptions in Argentina. From the comments Richard Mellon made at the di Tella conference, it seems to me that special exemptions and lower rates change tariff averages to varying degrees in individual industries. I wonder if the shortcut method you suggested for dealing with this problem would give us reasonably accurate results.

I have discussed this problem at the Bank and we have considered the possible need for obtaining detailed information on the tariff rates actually applied. While the collection of information would involve an additional cost, this could be borne by the Bank if the increased accuracy of the results warranted a detailed investigation. Could you write to me and let me know if you consider the collection of detailed information necessary for obtaining reasonably accurate results? Please also indicate in your letter the amount involved in securing this information and whether payment could be made through the di Tella Institute or another organization. Alternatively, we could amend your contract with a separate sum for research expenses.

I hope that everything is going well in Argentina and that you are having no major difficulties in proceeding with the work.

With kind regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Dr. Daniel Schydrowsky
c/o Harvard Development Advisory Service
Casilla 982
Correo Central
Buenos Aires, Argentina

October 4, 1966

Dear Mr. Franck:

Thank you for your letter of September 26th.
I believe that I can send you a shortened version of my
KYKLOS article within a month.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Christian Franck
Intereconomics
2 Hamburg 36
Germany

October 4, 1966

Dear Madam:

Last Friday I tried to call Professor Alan Mann at your University. We were told that he left for a stay of one year in India. May I ask you to let me have his address there by return mail so that I can get in touch with him?

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Administrative Assistant
Graduate School of Business
Stanford University
Stanford, California

October 4, 1966

Dear Bill:

Many thanks for your letters of September 19th and 29th. I appreciate your thoughtful remarks on my section. I am just making the final revision for the printer and will take account of your comments. As regards the question of cows vs. cheese, my recollection is that the U.S. tariff schedule would contain an item with the description I have in the note. Could you confirm this?

I am somewhat surprised at the figure of 3.2% which you gave as the share of benzenoid chemicals in total chemical imports. Does the higher figure include also non-competitive benzenoids, and if it does, could you give me the relevant data for competitive benzenoids which is the relevant consideration here.

We are having delays with the editing of the second volume and so it wouldn't inconvenience me too much if I received the chapter a few days after the October 15th deadline but please try to keep the delay to a minimum because the Council wants to review the entire book including your chapter.

I have not sent you a copy of Hartog's description of non tariff barriers because he does not say anything of interest. He devotes merely two pages to the problem and repeats the usual arguments without providing any information on EEC practices.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

Mr. William B. Kelly, Jr.
Senior Adviser
United States Delegation to the
Sixth Round of GATT Trade Negotiations
80 rue de Lausanne
Geneva, Switzerland

October 4, 1966

Dear Professor Morgan:

Thank you for your letter of September 27th. I would suggest that we postpone selecting a date for my presentation of a paper at your seminar until early next year. At that time I will have a better idea of my commitments in connection with work at the Bank.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Professor Morgan
Department of Economics
The University of Wisconsin
Madison, Wisconsin

October 4, 1966

Dear Professor Munthe:

I was glad to hear from you and I am especially interested in the work done under your supervision on effective protection in Norway. As Mr. Kamarck mentioned to you, I am presently directing a larger project dealing with the structure of protection in less developed countries. The countries in question include Argentina, Chile, and Mexico in Latin America, Kenya and Nigeria in Africa, and Pakistan and the Philippines in Asia.

The results of our project will ultimately be published in book form. We would be interested in including a chapter on Norway in this book provided that the relevant calculations could be done in conformity with the methods we are using. I am enclosing a copy of my "Outline and Methodology" and a supplement to it, which describe the methods employed.

If it would be helpful to consult on the problems related to your study, I could possibly come to Norway in the next few months for discussions. My experience with the other studies indicates that such a consultation is more useful when preliminary results are available. Meanwhile, we could correspond on any problems that may arise.

Let me say that I would personally be very happy if you could write a chapter on Norway for our volume. In the hope of having your collaboration in the project, I remain

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.
BBalassa/pam

Professor Preben Munthe
Department of Economics
Oslo University
Karl Johansgate 47
Oslo 1, Norway

October 4, 1966

Dear Mrs. Lavarello:

Enclosed is the reading list for my course in International Economics. Please have this list mimeographed and leave 30 copies in my office for distribution on Saturday. Please also send a copy to the library so that they can place the books and journals on reserve.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Encl.

Mrs. Angela Lavarello
Secretary
Department of Political Economy
The Johns Hopkins University
Baltimore, Maryland 21218

October 4, 1966

Dear Mrs. Capstick:

Thank you for your letter of September 30th. I am glad to know that my paper reached you in time. In earlier correspondence, Professor Carter indicated that the March, 1967 issue of the Economic Journal goes to the printer in early October. He also advised me that he would include the paper in the March, 1967 issue if he received it in September.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mrs. G. M. Capstick
Editorial Assistant
Economic Journal
The University of Lancaster
Bartriff House
Lancaster, U.K.

October 4, 1966

Dear Mr. Straus:

In response to your earlier request, I am enclosing a copy of Dr. Kreinin's paper on "Trade Arrangements Among Industrial Countries: Effects on the United States".

I am sorry for the delay but I have just unpacked the cartons containing mimeographed papers and other materials.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Ralph I. Straus
Room 2205 Seagram Building
375 Park Avenue
New York, N. Y. 10022

October 4, 1966

Dear Alain:

Since I last wrote to you, I have received 75 reprints of our joint article. This is more than I need and I would, therefore, be happy to send you some if you require more.

I have just finished the paper on trade creation and trade diversion, of which I am enclosing a copy. I would appreciate any comments you may care to make. Also, I would like to know if you have any objections to the wording of the acknowledgments in the paper.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. Alain Camu
55 Drove Des Gendarmes
Brussels, Belgium

October 3, 1966

Dear Mr. Kleppe:

Many thanks for sending me a copy of your report on the effects on prices of reducing tariffs in EFTA. I am looking forward to reading this report and to receiving the printed version.

You may wish to send copies of the report to H. G. Johnson at the London School of Economics, M. E. Kreinin at Michigan State University and L. B. Krause at Brookings Institution.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. P. Kleppe
European Free Trade Association
32, Chemin des Colombettes
Geneva, Switzerland

2500 Q Street N.W.
Washington, D.C. 20007

October 3, 1966

Dear Mr. Cinalli:

I have not yet received any information from you regarding the shipping of the furniture I purchased on August 3rd. I would appreciate it if you would let me know by return mail if all pieces of furniture have been duly assembled and sent to my present address.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. A. Cinalli
104 Heath Street
Hampstead
London, N.W. 3, England

October 3, 1966

Dear Mr. Cohen:

Thank you for your letter of June 13th which reached me after a delay of several months.

I am afraid that it would be difficult for me to give a seminar at your university during the present academic year. I am Adviser to the Economics Department of the International Bank and the coming year is shaping up to be rather a busy one. I will be glad to come to Pittsburgh next year, however.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

Professor Jacob Cohen
Department of Economics
University of Pittsburgh
Pittsburgh, Pennsylvania

October 3, 1966

Dear Mr. Pollock:

I have delayed answering your query because I wanted to see how my obligations will be shaping up in the coming months. I have carefully read the memorandum and have given considerable thought to your proposal but I am afraid that I have to decline your invitation to write a paper for UNCTAD on the relationship between economic development and commodity agreements. I have done little work on this problem so far and the preparation of a paper would require more time than I could spare in the next several months.

I am sorry that I cannot give you a positive answer but other obligations do not permit me to do so. I very much hope, however, that we will be able to collaborate sometime in the future.

With best regards to Alf Maizels and you, I remain

Yours sincerely,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

Mr. D. J. Pollock
c/o United Nations Conference on Trade and Development
Palais des Nations
Geneva, Switzerland

2500 Q Street N.W.
Washington, D.C. 20007

October 3, 1966

Dear Mr. Bouix:

In my letter of September 2nd I asked you to inform me regarding the shipping of my car. Although in your reply to my letter you assured me that this would be done, I have not yet received any information on the date of shipping. You will remember that the tariff date was set for September 20th and I wonder what has caused the delay. I am anxious to have the car soon because in the meantime I have to rent one.

I would appreciate it if you would let me know whether the car has been shipped from your factory.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Claude Bouix
Peugeot
Ventes Aux Etrangers et Diplomates
154 Champs-Elysees
Paris 8^e, France

October 3, 1966

Dear Harry:

I was relieved to learn from your letter that the deadline for the preparation of my paper can be postponed. Indeed, just the day after I received your letter, I was asked to submit the manuscript of my book on trade liberalization to McGraw-Hill by October 10th to conform to the publication schedule. October 31st is fine with me; I should have the paper read by that time without any difficulty.

It has bothered me for some time that in the case of the United Kingdom I have not separated Commonwealth and non-Commonwealth trade although tariff rates differ to a considerable extent. The day before leaving Geneva, Harry Stordel mentioned to me that the British Delegation objected to the procedure of using the U.K. m.f.m. tariff in the calculations. They are perfectly right in this and I want to meet their objections by revising the estimates. Needless to say this recalculation involves a considerable amount of time.

Thank you for sending me the documents relating to the British criticism. I am looking forward to seeing your work on the tariff sample.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

P.S.

Please thank Mr. Tsukuda for sending me information on input output coefficients.

Harry H. Bell, Esq.,
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
Geneva, Switzerland

October 3, 1966

Dear Mr. McMillan:

Your letter reached me on my first visit to Hopkins on October 1st. I will be interested to know more about your work and will be happy to see you in Washington later in the fall.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Carl H. McMillan Jr., Esq.,
Russian Research Center
Harvard University
Cambridge, Mass.

Mr. A. H. Kassarck

October 3, 1966

Bela Balassa

The Chicago Conference on International Monetary Problems

1. A distinguishing characteristic of the Conference was that the participants, including the featured speaker, M. Giscard d'Estaing, were under the age of 40; economists from the over-40 age group were invited as session chairmen only. The relatively young age of the participants was considered to be a guarantee that the Conference would abound in fresh ideas. The results fell short of expectations, however. At the same time, there seems to have been a positive correlation between youth and lack of realism.

2. The latter observation does not apply to Giscard d'Estaing who can rather be accused of holding to old ideas, such as the need for gold at the base of the international monetary system. At the same time he subtly disassociated himself from the official French position that opposes negotiations for the transformation of the international monetary system until the United States and Britain solve their balance-of-payments problems. Giscard d'Estaing spoke in favor of such negotiations although he, too, expressed the view that reaching a solution would presuppose the disappearance of U.S. and U.K. deficits. As most Frenchmen, Giscard d'Estaing sees the way toward equilibrium in the U.S. balance-of-payments through a reduction in capital outflow.

3. The topics discussed at the Conference included the optimum size of a currency area, the distribution of gains from increases in international liquidity, the balance-of-payments adjustments, the implications of international monetary reform for the developing countries, and the problem of stability in the world monetary system. The Conference closed with short summary by H. G. Johnson who pointed to areas of further research.

4. Peter Kenen addressed himself to the question, discussed some years ago by Robert Mundell and Ronald McKimmon, as to how the optimum size of a currency area can be determined. Kenen suggested that diversified economic structure should be the main criterion but did not consider the factors that would limit the scale of the optimum currency area. (it is easy to see strict application of the diversification criterion would lead us to make the entire world a single currency area). In turn, Leland Yeager discussed the diverse experiences of Austria and Russia with fluctuating exchange rates in the middle of the nineteenth century.

5. Herbert Grubel presented a rather uninspiring paper on the distribution of the gains derived from increases in international liquidity. While the U.S. benefits from the use of the dollar as a reserve currency, under some current proposals increases in liquidity would provide the Ten with claims on world resources. In turn, Robert Aliber would want to reduce the need for international liquidity by permitting national governments to impose taxes on all foreign exchange payments and subsidies on all receipts at a uniform rate, with the possibility of unilaterally changing this rate monthly and even daily. Aliber noted that the introduction of such a system of taxes and subsidies would be equivalent to flexibility in exchange rates without modifying exchange parities. In criticism of the proposal, I pointed out that to bankers and government officials such a scheme would be no more acceptable than a system of flexible exchange rates; at the same time, it has some important deficiencies compared to flexible rates. Exporters could not hedge against changes in the tax-subsidy rate and, with a large number of countries simultaneously aiming at improving their balance-of-payments position, a competitive application of taxes and subsidies would ensue.

6. Next day, Egon Sohmen discussed the problem of "pairing" national policy instruments and targets, and Richard Cooper made some interesting observations on the international incompatibility of some of the national objectives. From the theoretical point of view, McKinnon's paper was the most interesting. Rather than dealing with the adjustment problem -- his assigned topic -- he presented a model of income determination with traces of Keynes, Patinkin, and Tobin and applied this to the case of an open economy.

7. At the next session, Max Corden probed into the assumptions underlying much of the discussion on the possible implications for developing countries of alternative liquidity schemes. Further, Alexandre Kafka considered the case for and against regional payments arrangements for developed countries. Kafka, the new IMF Director for Brazil, appears to have endorsed the position of the IMF; he asserted that the gains derived from such arrangements would be small and emphasized the need for fixed exchange rates in Latin America. In my comment, I discussed some of the benefits of regional payments arrangements and raised objections against reliance on fixed exchange parities in countries with different rates of inflation. Instead, I suggested that efforts should be made to stabilize the real exchange rate (the ratio of the exchange rate parity to the whole-sale price index) through frequent adjustments in exchange parities. In this way we could avoid fluctuations in the extent of relative overvaluation and undervaluation that presently provide a disincentive against exportation and make it difficult to reduce tariffs in the Latin American area.¹

October 3, 1966

8. In the final session, Mundell argued that the present system of international payments lacks stability when the U.S. deficit, coupled with the tendency on the part of European countries to exchange dollars for gold, provide the elements of a crisis. In the same session, Alan Day gave a rather pedestrian discussion of some present-day policy problems.

¹ With continuous inflation and infrequent adjustments in exchange rate parities, the real exchange rate tends to fluctuate over time and these fluctuations give rise to uncertainty in regard to export receipts expressed in terms of domestic currency as well as in regard to the price of imports. The former makes producers wary of exporting, while the latter induces import competing industries to clamor for the maintenance of high tariffs.

BBalassa/pam

cc: Messrs. Friedmann
de Vries

September 29, 1966

Dear Mr. Franklin:

Many thanks for your letter of September 28th and for the enclosures. The publishing arrangements you describe are perfectly fine with me and I anticipate no difficulties in meeting the deadline.

I appreciate your courtesy in attending to the matter of publication so promptly.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. George S. Franklin, Jr.
Executive Director
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

September 28, 1966

Dear M. Mesnage:

Enclosed is a copy of my paper on "Trade Creation and Trade Diversion in the European Common Market". I hope that you will find this paper of interest and I would appreciate any suggestions you care to make.

I wish to take this opportunity to thank you again for the help given to me in the preparation of the paper.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Encl.

M. Mesnage
Office Statistique des Communautés Européennes
Communauté Economique Européenne
1, Rue du Taciturne
Bruxelles 4, Belgium

September 28, 1966

Dear Mr. Nederveen:

Enclosed is a copy of my paper on "Trade Creation and Trade Diversion in the European Common Market". I hope that you will find this paper of interest and I would appreciate any suggestions you care to make.

I wish to take this opportunity to thank you again for the help given to me in the preparation of the paper.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Encl.

Mr. Nederveen
Organization for Economic Co-operation and Development
2, Rue Andre-Pascal
Paris 16
France

September 27, 1966

AIRMAIL
SPECIAL DELIVERY

Dear Professor Carter:

In reference to your letter of July 29, 1965, I am enclosing the revised version of my paper on "Trade Creation and Trade Diversion in the European Common Market", for inclusion in the March, 1967 issue of the Economic Journal. Two copies of the paper are enclosed for your convenience.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Encl.
BBalassa/pam

Professor G. F. Carter
Joint Editor
Royal Economic Society: The Economic Journal
University of Lancaster
Bailrigg House
LANCASTER, England

September 26, 1966

Dear Professor Carter:

In reference to our earlier correspondence (your letters of July 17 and 29, 1965 and my replies of July 24 and August 20), I wish to inform you that I will be mailing the revised version of my paper in "Trade Creation and Trade Diversion in the Common Market" tomorrow, September 27th, for inclusion in the March, 1967 issue of the Economic Journal. The revised version of the paper includes data for the years 1964 and 1965.

Please note that during the present academic year, I am Adviser to the International Bank. My address is as shown on the letterhead.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

EBalassa/pam

Professor G. F. Carter
Joint Editor
Royal Economic Society: The Economic Journal
University of Lancaster
Bailrigg House
LANCASTER, England

September 26, 1966

Dear Sirs:

Re: Conference on International Monetary
Problems

The following are the expenses incurred by Mr. Balassa in connection with his recent trip to attend the above conference:

<u>Date</u>	<u>Details</u>	<u>Amount</u>
Sept. 23	United Airlines ticket	<u>\$84.50</u>
A first-class ticket was purchased for Mr. Balassa's return flight because of the unavailability of accommodation on economy-class. A cheque for \$84.50 should be made payable to the International Bank for Reconstruction and Development.		
Sept. 23	Washington - taxi to National Airport	\$ 3.30
	Chicago - taxi to Center	3.50
Sept. 24	Dinner	5.90
Sept. 26	Chicago - taxi to airport*	1.40
	Washington - taxi from airport*	<u>1.50</u>
		<u>\$15.60</u>

* Shared by other passengers

Cheque for \$15.60 should be made payable to Mr. Bela Balassa.

Yours sincerely,

Secretary to Mr. Balassa

The Secretary
The University of Chicago
Center for Continuing Education
1307 East 60th Street
Chicago, Illinois 60637



Record Removal Notice

File Title Research on Economics and Development - Bela Balassa - Chronological Record - September through December 1966		Barcode No. 1081683		
Document Date Sept. 23, 1966	Document Type Letter			
Correspondents / Participants From: Bela Balassa To: American Express				
Subject / Title Account information				
Exception(s) Financial Information iv				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Ann May</td><td>Date September 23, 2022</td></tr></table>	Withdrawn by Ann May	Date September 23, 2022
Withdrawn by Ann May	Date September 23, 2022			

September 22, 1966

Dear Sirs:

On the recommendation of the International Bank, where I am Adviser, I asked you to install my stereo system in my apartment. Instead of the original envisaged hour, the work took $5\frac{1}{2}$ hours and I have been charged on the basis of \$7.50 an hour. In addition, I paid your representative \$10.57 for materials.

If the work had been properly organized, I believe a person with experience could have done the job in 2 hours or thereabout. Apparently the service man had difficulty in finding a solution for setting up the stereo system; also, he left the apartment on two separate occasions for about half an hour each time, to purchase material.

Because of the language difficulties of your service man, I did not want to dispute the amount charged to me at the time the installation was made. I should like to ask you, however, to make an appropriate adjustment in the service charge and send the refund to me.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Shrader Sound Inc.
2803 M Street N.W.,
Washington, D.C.

September 22, 1966

Mr. Stewart Woster
District Sales Manager
Pan American World Airways
1725 K Street N.W.
Washington, D.C.

Dear Mr. Woster:

I was a first-class passenger on your flight PG 85 from New York to Santiago on September 3rd. I wish to compliment you on the excellent service I received on the flight. Upon disembarking, I wanted to thank the stewardess for the special help she gave me but she had already left the plane in Lima. I wonder if you could possibly let me have her name; she was a blond Argentine woman about 25 years of age.

I have one complaint concerning the flight, however. On arrival I found that a large flap covering my suitcase was torn off and part of the lock to the suitcase was missing. When I asked your manager in Santiago, Mr. Clive Swain, to replace the suitcase, he informed me that a suitcase of comparable quality could not be obtained in Chile. Instead, he had the suitcase repaired by replacing its missing parts. The repair job, however, completely spoiled the appearance of the suitcase and consequently I had to buy a new one at my next stop in Buenos Aires. I am enclosing a copy of the bill for \$25.00 with the request that you reimburse me for it.

Yours very truly,

Bela Balassa
Adviser
Economics Department

Encl.

September 22, 1966

Dear Harry:

I am writing to you to ask for a further extension of the deadline for submitting my paper on effective tariffs. In reply to the criticism raised on the part of the British Delegation, I now want to separate U.K. imports from Commonwealth and non-Commonwealth countries. This involves a considerable amount of statistical work and so does the calculation of effective protection on labour suggested by Mr. Stanovnik. If it would not be too much of an inconvenience for you, I wonder if I could send you the paper on October 10th instead of September 30th.

After a ten days trip to Latin America, I am now settled at the Bank. Washington is very pleasant but the weather is rather muggy. We look forward to seeing you here on the occasion of your next visit.

With best regards,

Yours sincerely,

Bela Balassa
Adviser
Economics Department

Mr. Harry Haines Bell
Director, Research Division
United Nations Conference on Trade and Development
Palais des Nations
Geneva, Switzerland

September 21, 1966

Dear Mr. Castellanos:

At the request of Mr. Santiago Macario I am sending the enclosed methodology and its supplement on my protection in less developed countries project. Shortly I will send you a copy of the import weights used in averaging tariffs. These weights represent the combined imports of the industrial countries on a four-digit SITC basis.

In his letter of July 8th Mr. Macario raised the question of using a "standardized" input-output table in making calculations on effective tariffs. In our project, two tables will be used for every country, the country's own input-output table and a standardized table. The latter will not be the one used for the industrial countries in my December, 1965 Journal of Political Economy, article; rather I will rely to a considerable extent on the input-output tables of countries like Japan, which is between the groups of developing and industrial countries.

I will be interested to hear about the progress of your study. Please do not hesitate to contact me if any questions arise.

Yours sincerely,

Bela Balassa

encl

Mr. Diego Luis Castellanos,
Banco Central de Venezuela
Caracas, Venezuela

September 21, 1966

Dear Mr. Macario:

Enclosed are the methodology and its supplement on my protection in less developed countries project. I will shortly send you a copy of the import weights referred to in my letter of September 6th.

With best regards,

Yours sincerely,

Bela Balassa

encl.

Mr. Santiago P. Macario
c/o UNCTAD
Palais des Nations
Geneva
Switzerland

September 21, 1966

Post Office
New Haven, Connecticut

Dear Sirs:

This is to inform you that my address is 2500 Q Street N.W., Washington, D.C. Would you please be good enough to forward all letters and magazines addressed to my New Haven address, 100 York Street, New Haven, Connecticut. I will pay the extra postage required for forwarding the magazines. This change of address pertains also to my wife, Mrs. Carol Balassa.

Yours sincerely,

Bela Balassa

September 21, 1966

Dear Mr. Franck:

Thank you for your letter of August 17th. I will be glad to write a shortened version of my Kyklos article for your review.

Neither do I have objections to the publication of my Kyklos article in German. I believe, however, that you also need the permission of Kyklos for the translation. I suggest that you write directly to the editor.

Yours sincerely,

Bela Balassa

Mr. Christian Franck
Intereconomics
Karl-Muck-Platz 1
2 Hamburg 36
Germany

September 21, 1966

Dear Bill:

Many thanks for your letter of September 15th and for your comments on my section on nontariff barriers. As you can see from the enclosure, I have taken into account most of these suggestions in the revision. I have a few questions, however, regarding some of the comments that you make.

I recall your mentioning knit wool gloves in a similar context. How is it, then, that these are not specified in the U.S. legislation? As regards labelling requirements, I wonder if these should not be discussed more fully in your chapter. In every paper I have seen on the subject, they are given considerable importance. Finally, I wonder if there are other nontariff measures besides U.S. and Canadian Government procurement which could be quantified. Let me add here that I have adjusted tariffs for ASP in the earlier part of the chapter.

I was happy to hear that you will be able to finish the chapter by the middle of October. Please note that I do not want you to delete any material that is important for your chapter; rather, I would like you to get rid of unnecessary details that would not sustain the reader's interest. If the chapter is somewhat longer than expected, I will still be able to get away with it.

Yours sincerely,

encl.

Bela Balassa

Mr. William B. Kelly, Jr.,
Senior Advisor
United States Delegation to the
Sixth Round of GATT Trade Negotiations
80 rue de Lausanne
Geneva, Switzerland

September 21, 1966

Dear Professor Morgan:

Thank you for extending an invitation to me for the second time. I was sorry I was not able to come in the spring; unfortunately I had to spend three weeks in bed with a slipped disc.

I already have commitments to participate at various conferences in the fall and, with pressure of work at the Bank, I would find it difficult to come on the dates indicated. It would appear necessary, therefore, to postpone my coming until the spring unless arrangements could be made for November 8th. I will participate at the conference on Economic Policy in Latin America on November 6th to 10th in Chicago and could easily come to Madison to give a seminar on Tuesday afternoon. In this way my absence from the Bank as well as travel time and expenses would be minimized. I know that the proposed date does not figure on your list but perhaps a switch could be made.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Professor Theodore Morgan
Department of Economics
Social Science Building
Madison, Wisconsin

September 21, 1966

Dear Ron:

I, too, am happy to see that we are in agreement on the final version of your chapter. I have submitted the manuscript of the volume to the Council and I should hear from them in the next few weeks.

I wish to take this opportunity to congratulate you on your promotion, which I noticed from your letter.

Sincerely yours,

Bela Balassa
Adviser
Economics Department

Mr. R. J. Wonnacott
The University of Western Ontario
Faculty of Arts and Science
University College
London, Ontario
Canada

September 21, 1966

Dear Mrs. Lavarello:

Enclosed are "Employee's Withholding Exemption Certificate and Withholding Certificate for Baltimore City Earnings Tax."

Please note that I arranged with Professor Mills to change the time of my lectures from 9-11 to 10-12 o'clock on Saturdays.

Yours sincerely,

Bela Balassa
Adviser
Economics Department

encl.

Mrs. Angela Lavarello
The Johns Hopkins University
Baltimore, Maryland 21218

September 21, 1966

Dear Mr. Sjaastad:

On behalf of Mr. Balassa, I wish to inform you that he will be pleased to accept your invitation to attend the conference on "Key Problems of Economic Policy in Latin America."

Please let us have all particulars regarding accommodation at the Center for Continuing Education.

Sincerely yours,

Phyllis Maddiman
Secretary to Mr. Balassa

Mr. Larry A. Sjaastad
The University of Chicago
Department of Economics
Chicago, Illinois 60637

September 21, 1966

Dear Professor Gross:

Thank you for your kind invitation to attend the conference on "Implementing National Plans". I very much hoped to be able to come but it appears now that pressure of work will not permit me to be absent from Washington for a protracted period. I expect, however, to participate at your meetings to be held in New York.

Thanking you again for your invitation, I remain

Sincerely yours,

Bela Balassa
Adviser
Economics Department

BBalassa/pam

Professor Bertram M. Gross
Chairman
International Group for Studies in
National Planning
Maxwell School
Syracuse University
Syracuse, New York

cc: Messrs. Kamarek
de Vries

September 21, 1966

Dear Loretta:

I am now settled at the Bank and have finished unpacking all the material sent here. Everything is in perfect order and the numbering of the crates helped me in putting things into place. Many thanks.

I have not yet received the copy of the Dossier chapter, which he returned to Yale in August with some comments. May I ask you to see if you still have it around.

With best regards,

Sincerely yours,

Bela Balassa
Adviser
Economics Department

P.S.

Would you please find out when Mr. Linder will arrive in New Haven.

Miss Loretta Tallon
Department of Economics
Yale University
37 Hillhurst Avenue
New Haven, Connecticut

September 20, 1966

Mr. George F. Franklin
Executive Director
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

Dear Mr. Franklin:

I am writing to you in the absence of David MacEachron concerning some problems relating to the publication of my study on "Trade Liberalization among Industrial Countries: Objectives and Alternatives."

Before leaving for Europe in mid-May, I submitted the edited manuscript of my study to the Council. On June 9th David wrote to me in Europe about several queries relating to the Appendix and suggested that I revise it before the manuscript was sent to the publisher. He was also concerned that errors in the Appendix might affect the results given in the tables of the book.

In my reply, I answered some of the questions and indicated that the few misstatements in the Appendix in no way affected the results shown in the tabular material. Not having had a copy of the revised Appendix in Europe, I also asked to have the manuscript sent to the publisher without further delay; any further corrections would then be made in the galley proof stage. This suggestion was accepted in David's July 26 letter.

A few days later, I received a wire inquiring about the section on nontariff barriers to imports that was not included in the manuscript. I had informed Van in the spring that this section was not prepared together with other parts of the manuscript because I did not then have the necessary material, subsequently supplied by Bill Kelley. In my letter to David I reiterated my position that unless the section could be added in the proof stage, it should be deleted so as not to delay publication further. On August 16, David informed me that this material could be added in September without significantly affecting publication date.

On the basis of this correspondence, I assumed that the manuscript was sent to the publisher, and I would have galley proofs upon returning to the States in September. The greater was my surprise, therefore, to learn that the volume is still at the Council and will not be sent to the publisher before David's return from Europe in October. I

September 20, 1966

can hardly understand how this decision could have been taken without consulting me.

If it was the short section on nontariff barriers that caused the delay, it should have been deleted as I requested. From later correspondence it appears possible that the section was not deleted under the assumption that its inclusion in my study might obviate the need for their treatment of nontariff barriers in a second volume. (On questions relating to the second volume, see the enclosed copy of my letter to David.) But my introductory discussion of six pages can hardly replace the 150 pages devoted to this problem in the studies by Dosser and Kelly. Let me add that I have completed this section in the meantime and three copies are being sent to you under separate cover.

Neither can the delay be explained by the fact that a young woman with a freshly acquired Ph.D. will start reading my study in the next few days. Whatever comments she may have can be taken into account in the proofs, if I find them acceptable. In conclusion, I would like to again express surprise at the handling of the publication of my study. While I have had five books published over the last eight years, I do not recall having had similar problems to face before.

In view of the timeliness of my study and the danger that the numerical material becomes outdated, it is important to avoid further unnecessary delays with publication. I would like to ask your help, therefore, in ensuring that the manuscript be sent to the publisher at the earliest.

Sincerely yours,

Bela Balassa

Mr. Cleveland
Mr. Diebold
Mr. MacEachron

September 20, 1966

Mr. David W. MacEachron
Council on Foreign Relations, Inc.
The Harold Pratt House
58 East 68th Street
New York, N. Y. 10021

Dear David:

Your letter of September 12th reached me on my return from a trip to Latin America. Frankly, I am rather disturbed by the implications of this letter which point to the possibility that my own study would be published by itself, without the volume containing the studies of the contributors. Such an arrangement would appear to be objectionable on several grounds.

Our original arrangement was to publish a single volume containing the studies of the contributors as well as several introductory and concluding chapters written by myself. In carrying out the project, however, I soon came to the conclusion that our purposes would be better served by the publication of two volumes. For one thing, my own contribution had grown to the point where it warranted publication in a separate volume; for another, given the diversity of the individual studies, we could not have had an integrated book were we to put all the material in a single volume. On the other hand, while permitting diversity, the publication of a volume under the title "Studies in Trade Liberalization" appeared to complement my own study quite well.

I first mentioned this solution to Van at the time of the reception given in honor of Henry Kissinger and put the proposal into writing on May 24, 1965 (a copy of the letter is enclosed). In subsequent discussions, Van expressed his agreement with my suggestion and encouraged me to continue on this basis.

With one exception, the studies of the contributors were completed last spring and I spent much of the summer in revising and, in some cases, rewriting them. While the quality of the studies is not uniform, this cannot be avoided in a volume containing the contributions of many people and we were aware of it from the beginning. But neither was it the objective to ensure uniformity. Rather, as I note in the Introduction, one of the principal merits of the volume is that the contributors consider questions of special interest to each country or country grouping. In addition, they present different points-of-view on the problem of trade liberalization which is certainly desirable for an audience used to hearing chiefly the American point-of-view. This is the more important since the country studies have been written by outstanding economists in the individual

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countries.

Moreover, while I have only a short introductory section of six pages on nontariff measures in my volume, the two studies devoted to these measures not only occupy one-third of the total number of pages in the second volume, but their authors also make an important contribution to the subject. Desser's study sheds new light on the implications of inter-country differences in fiscal and social policies for trade and foreign investment whereas Kelly's study is by far the best treatment of nontariff barriers to imports. Both of these studies will be widely read and appreciated since they deal with questions that have long been regarded as important but have not yet been adequately discussed.

I believe, therefore, that the Council on Foreign Relations will do a service to the international community by publishing both volumes. I also wish to emphasize that the contributors have not been asked to prepare position papers; rather, according to their contract, "they have agreed to prepare a manuscript ... suitable for incorporation as a chapter in the volume on Atlantic trade arrangements" (see enclosure). They have carried out the studies with this purpose in mind and have lived up to their obligation. But, aside from the contractual provisions for publication, the contributors have a moral right to demand that publication should not be restricted to one part of the project which, to some extent, builds on their own studies.

I have tried to summarize succinctly the issues relating to the publication of the second volume. I will be glad to come to the Council to discuss any further questions.

Sincerely yours,

Bela Balassa

cc: Mr. Cleveland
Mr. Diebold
Mr. Franklin

September 16, 1966

Dear Miss Monroe,

Your letter of August 19th as well as the two parts of the manuscript were waiting for me on my arrival in Washington. I am looking forward to reading them but I am afraid that I could not offer any comments before publication date. I have been away from the United States for about four months and have just assumed a new position as an advisor to the Economics Department of the International Bank. Accumulated work as well as newly assumed obligations do not permit me to get to the manuscript in the next few weeks.

Sincerely yours,

Bela Balassa

Miss Ann D. Monroe
The National Institute of Economic & Social Research
2 Dean Trench Street
Smith Square
London, S. W. 1

September 16, 1966

Dear Teresa,

In the enclosed paper, I deal with the questions raised at our last meeting. Please let me know if any of this is not clear and if you have any further questions.

It was good to see you in Santiago and in Buenos Aires and I am happy to know that the prospects for your study are favorable. Let me add here that we plan to hold a meeting of the contributors some time in March next year, possibly in Washington or in Mexico City, where we would like to have your participation. Please let me know if the date would be convenient to you.

Sincerely yours,

Bela Balassa

Miss Teresa Jeanneret
Universidad de Chile
Instituto de Economia
Castilla 3861
Santiago, Chile

September 16, 1966

Dear Dani,

In the enclosed paper, I deal with the questions raised at meetings with you, Teresa and Gerardo. I would appreciate having your comments and suggestions on the paper.

It was good to see you in Buenos Aires and I am happy to know that your study is progressing nicely. I hope that there will be no snags due to outside factors.

I look forward to seeing you when you return to the States.

Sincerely yours,

Bela Balassa

Mr. Daniel Schydlofsky
c/o Harvard Development Advisory Service
Casilla 982
Correo Central
Buenos Aires, Argentina

September 16, 1966

Dear Gerardo,

In the enclosed paper, I deal with the questions raised at our last meeting. Please let me know if any of this is not clear and if you have any further questions.

I had a long and pleasant talk with Leopoldo Solis. I asked him to help you in providing price information and, to the extent possible, research assistance. In his answer he underlined his willingness to help you with prices to the extent possible; he will also procure a copy of the document on price comparisons prepared in 1963. On the other hand, he is likely to find it difficult to provide research assistance from the bank.

I am glad to have had the opportunity of seeing you after so many years and to meet with your family. Please convey my thanks to your wife and your parents-in-law for the very pleasant time I spent with them. My wife and I are looking forward to seeing you and your wife in Washington.

With best regards,

Sincerely yours,

Bela Balassa

Lic. Gerardo Bueno
Nacional Financiera
Venustiano Carranza 25
Mexico 1, D.F. Mexico

September 15, 1966

Dear Mr. Jenkins,

Many thanks for your letter of August 16th and for sending me the notes Professor Varga made on the copy of "The Theory of Economic Integration" which I sent to him. I know that Mrs. Varga sold her husband's library but I wonder how the book could have gotten to Bonn. Perhaps the Hungarian government sold the library abroad (it was a valuable collection) to get foreign exchange.

As you may know, I was Assistant to Professor Varga for several years and I saw him in Vienna before he lectured in Luxembourg. He was also an old friend and his sudden death saddened me greatly. I would be interested in getting back the copy I personally dedicated to Professor Varga; perhaps you could agree to an exchange for another copy. I would be happy to write a dedication in it -- this time to you.

I was interested to learn of your work on integration and would be glad to have a copy of your paper on the interpretation of the concept. Please send this to my address on the letterhead.

Yours sincerely,

Bela Balassa

Dr. Helmut Jenkins
Head of Programme Section
United Nations
532 Bad Godesberg
Rheinallee 18, Germany

September 15, 1966

Dear Sirs:

Please cancel my standing order for the FAO Commodity Series Bulletin. Note that the Bulletins were sent to my old address, Department of Economics, Yale University, 37 Mill House Avenue, New Haven, Connecticut. Any further communications should be sent to me at the address shown above.

Yours sincerely,

Bela Balassa

Columbia University Press
2960 Broadway
New York, N. Y.

Mr. A. M. Kamarek

September 14, 1966

Bela Balassa

Report on Latin American Trip - September 3 - 13, 1966

1. On my visits to Santiago, Buenos Aires and Mexico City, I had conversations with my collaborators (Teresa Jeanneret in Chile, Daniel Schydrowsky in Argentina and Gerado Buono in Mexico) in the "Structure of Protection in Developing Countries" project as well as with government officials and economists in the three countries. I also participated at the Conference on Import Substitution of the Di Tella Institute in Buenos Aires and delivered a lecture on strategies of economic growth. The lecture was partly based on my paper "Integration and Research Allocation in Latin America" prepared for the Cornell Conference on Latin America last May.
2. My impressions on the prospects for our project are favourable. All three collaborators are competent economists; they have access to all available information and have the support of governmental organizations. Schydrowsky is working with six assistants at CONADE (the Argentine Planning Agency) and will largely complete his research by next January. Jeanneret works closely with the Central Bank of Chile while Buono has access to the facilities of the Nacional Financiera and the Bank of Mexico. The probable completion date of the Chilean and the Mexican studies is next September.
3. The support of our project on the part of governmental organizations reflects the increased interest shown in problems of protection. On the one hand, the need for a more rational system of protection is emphasized; on the other, increased attention is given to the possibilities of, and the need for, exporting manufactured goods. Correspondingly, questions are raised as to which industries are protected the most, what the cost of protection is, and to what extent exports are discriminated against by the present system of protection.
4. This change in the attitudes towards protection is observable also in the press and in economic circles. The Argentine papers reported in detail the proceedings of the Di Tella Conference, including my remarks made at the press conference and the conclusions of my paper. At the same time, the participants at Di Tella, many of whom unreservedly endorsed the policy of import substitution in the past, have now called for policies aimed at reducing the cost of protection and encouraging exports. Measures for export promotion have been used for several years in Mexico; they will shortly be applied in Chile and are under consideration in Argentina.

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5. The above observations pertain, to a greater or lesser extent, to several other Latin American countries. In this connection it is of interest to note that I have received requests from institutions in three further countries (Peru, Uruguay and Venezuela) to be included in our project. In the case of Venezuela, the request came from the head of the Trade Policy Division of ECLA who is examining the problem jointly with the Central Bank of Venezuela.

EBalassa/pam

cc: Mr. Irving S. Friedman
Mr. Barend A. de Vries

September 14, 1966

Dear Sirs:

Please send me a copy of your document TD/B/68 March 25, 1966 on "Expansion of Trade and Cooperation among Less Developed Countries". I would also like to receive a copy of the report on International Monetary Arrangements published by a group headed by Lord Kahn.

As I have immediate need of these documents, I would appreciate it if you could send them by return mail.

Yours sincerely,

Bela Balassa
Advisor
Economics Department

Documents Service,
United Nations, N.Y.

Mr. A. M. Kamarek

September 14, 1966

Bela Balassa

Invitations to Conferences

<u>Date</u>	<u>No. of Working Days</u>	<u>Subject</u>	<u>Place</u>	<u>Suggested Participation</u>	<u>Financing</u>
9.23-25	1	International Monetary Arrangements and the Developing Countries	Chicago	Yes	University of Chicago
11.7-9	2½	Economic Policy in Latin America	Chicago	Yes	University of Chicago
11.14-18	5	Atlantic Trade Liberalization	Montreal	No	--
11.15-22	5	Implementing National Plans	Carcas	No	--

EBalassa/paa

September 14, 1966

Dear Sirs:

Re: Conference on International Monetary
Problems

This is to inform you that I will arrive on
September 22nd in the evening and will stay at the Center
until September 25th. Please correct my reservation
accordingly.

Yours sincerely,

Bela Balassa

The University of Chicago
Center for Continuing Education
1307 East 60th Street,
Chicago, Illinois 60637

September 14, 1966

Dear Miss Jacobsen,

Due to my absence from the United States, there was considerable delay before I received your letter of June 9th.

In your letter you ask me to return my building pass. I did not have a permanent building pass and if I had a daily pass on the day of my last visit, I am afraid that this must have gotten lost.

Yours sincerely,

Bela Balassa

Miss Merriam Jacobsen
Administrative Officer
Department of State
Agency for International Development
Washington, D.C. 20523

September 14, 1966

Dear Ted,

I, too, am sorry that I will not be able to attend the conference in November. I hope, however, that I will have the opportunity to see you another time. Please note that I will be with the International Bank for a period of two years and all papers and communications should be sent to the above address during this period.

McGraw Hill promises to publish my book next January but I have not yet received galley proofs.

Yours sincerely,

Bela Balassa

Mr. H. E. English
Private Planning Association of Canada
757 Sun Life Building,
Montreal 2, Quebec

September 14, 1966

Dear Miss Floersheim,

Thank you for your letter of September 1st.

I should get my reprints of the article on
"American Direct Investment in the Common Market" in
a few weeks and I will then send you a copy.

Sincerely yours,

Bela Balassa

Miss Rachel Floersheim
Economist
Thirty-three Liberty Street
New York, N. Y. 10045

September 14, 1966

Hotel Maria Isabel
Mexico City, Mexico

Attention: Chief of Valet Service

Dear Sirs:

When I unpacked, I found the missing shirt. It appears that the shirt was put among my belongings while I was out for dinner.

I am sorry for the misunderstanding and I thank you for your excellent service.

Yours sincerely,

Bela Balassa

September 14, 1966

Dear Mr. Ozawa,

Thank you for your letter of June 14th.

I have no objection to your citing in your dissertation, my paper "Recent Developments in the Competitiveness of American Industry and Prospects for the Future," in U.S. Congress, Joint Economic Committee, Factors Affecting the United States Balance of Payments, 1962.

Yours sincerely,

Bela Balassa

Mr. Terutomo Ozawa
Apartment #43
181 Claremont Avenue
New York, N. Y. 10027

September 14, 1966

Dear Mr. Farr,

I will be glad to read the manuscript on PROBLEMS AND PROSPECTS OF ECONOMIC INTEGRATION IN WEST AFRICA by Mr. Nicolas Plessz. Please let me know the amount of the honorarium you pay for the reading of the manuscript.

Yours sincerely,

Bela Balassa

Mr. Robin M. Farr,
Director,
McGill University Press
3458 Redpath Street,
Montreal 25,
Quebec, Canada

September 14, 1966

Dear Messrs. Hammer and Rahm,

I will be happy to give a lecture to your Graduate Economics Society at Columbia. I wonder, however, if you could possibly schedule my lecture for Friday instead of Thursday afternoon; during this academic year I am Advisor to the International Bank where I regularly attend meetings on Thursday afternoons. As to the date of the lecture, I would suggest March or April of next year.

Yours sincerely,

Bela Balassa

Mr. Carl J. Hemmer and
Mr. Carl M. Rahm
Co-Chairmen
Graduate Economics Society
Columbia University
New York 27, N. Y.

September 14, 1966

Mr. Alain Camu
55 Dreve Des Gendarmes
Brussels, Belgium

Dear Alain,

I have just received a letter from Mr. Latfalla according to which the publisher has sent you all the reprints due to us.

It seems to me that the publisher has misunderstood your earlier request regarding the number of reprints. Since they cannot send us new ones, we will have to divide, in some way, the ones that were sent to you. I wonder how many you have left; I presume that you have already mailed out a large part of them. Please let me know what the situation is by return mail.

Starting September 1st I am Advisor to the International Bank where my address is as shown on the letterhead.

Yours sincerely,

Bela Balassa

September 2, 1966

Mr. J. Van Ginderachter
66, rue Arthur Herchen
Luxembourg

Dear Mr. Ginderachter:

Thank you for your comments on my AER paper. I have been aware of the implications of my findings for standardized commodities you mentioned. For this reason, I also agree with you that the greatest difficulties lie in the way of tariff reductions on these commodities.

Sincerely yours,

Bela Balassa
Advisor
Economics Department

September 2, 1966

Mr. Howard W. Nicholson
Program Director for Economics
Division of Social Sciences
National Science Foundation
Washington, D.C. 20550

Dear Mr. Nicholson:

Upon my return from a four months stay in Europe I received your request for a critical appraisal of Professor Baldwin's project. I assume that at this point it would be too late to give an appraisal, but I would be happy to do so if this was of any help.

I am sorry for the clerical error as a result of which your request was not forwarded to me in Europe. Needless to say I will be happy to review any research proposal in the future. Please note that during the next academic year my address will be:

International Bank for Reconstruction
& Development
Economics Department, Room 871
1818 H Street, N.W.,
Washington, D.C. 20433

Sincerely yours,

Bela Balassa
Advisor
Economics Department

September 2, 1966

Professor D.G.M. Dosser
Department of Economics
University of York
Heslington, York
England

Dear Douglas:

I am sorry not to have had the occasion to see you in Paris. Also, I would have liked to have seen the revisions on your chapter while in Europe. I expect, however, that I will soon have the chapter here in Washington.

Should you want to make substantial changes, please feel free to do so. It is an easy matter for me to replace pages until about the end of September.

With best regards,

Sincerely yours,

Bela Balassa

September 2, 1966

Mr. William B. Kelly, Jr.
U.S. Mission
KR Delegation
80 rue de Lausanne
Geneva, Switzerland

Dear Bill:

Coming back to the States I have found that editing on the second volume has not yet started. I expect that we will get an editor around the middle of the month, and he or she will work on the chapter for a period of approximately three weeks. This means that I could give you a further extension for submitting the chapter. Would October 15th be o.k.?

I have written the first draft of a short section on Non-tariff Barriers for my own volume. I would appreciate it if you could read this and send me your comments at the earliest.

With best regards,

Sincerely yours,

Bela Balassa

Encl.

September 2, 1966

Mr. Claude Bouix
Peugeot
Ventes Aux Etrangers Et Diplomates
154 Champs-Elysees
Paris (8^e), France

Dear Mr. Bouix: Your Ref: JP.D/MD/2049/10655

Enclosed is a check in the amount of \$1,671.00 and another in the amount of \$300.00, both drawn on the Second National Bank of New Haven, totalling \$1,971.00. This amount is to pay my balance of \$1,960.00 for the purchase of a Peugeot 404 and \$11.00 for the accessories I ordered on August 30th.

Please inform me about the receipt of this letter. Also, I will appreciate being informed about the exact date of shipping of my car.

With best regards,

Sincerely yours,

Bela Balassa
Advisor
Economics Department

Enclosures (2).