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R.A.P. Income Distribution & Employment  
1977-78

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December 9, 1977

MEMORANDUM for -

Members, RAPIDE

SUBJECT: Topical Notes Regarding RAPIDE

The following are topical notes related to RAPIDE.

Contribution of Research at Bank

World Bank research has a potential contribution to the understanding of the processes and management of development.

The problem is to strike a balance on what is useful to the advancement of the theory of income distribution, for instance, and the improvement of the analysis of practical problems relevant to development processes and to Bank operations. It would seem that the Bank's immediate concern would be to advance knowledge where such knowledge has an immediate pay-off to improving its operations.

In this connection, a proper division of labor between the Bank and outside institutions should be spelled out by the Bank. It would seem that the Bank has an interest in the improvement of theory and analytical methods. But this interest should not make it conclude that the best way to achieve it is through building an in-house capacity.

It would seem better for the Bank to allot a proportion of its resources devoted to research resources by stimulating institutions in universities, research institutions, and funding institutions to improve their activities, and defining terms of references.

Then the Bank should be able to allocate resources to more practical problems related to its operations.

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Therefore, a reasonable assessment of the division of labor with other agencies/institutions interested in the problem would enhance the use of research resources. This requires a review of programs of research, including the possibility of joint efforts, with foundations, bilateral and multilateral agencies. In the case of the latter, note of the ILO research program is specially relevant.

### Improving Research Capacity in LDC's

While the principal task of Bank research may be to improve its direct contribution to development as a lending institution, it has an interest in enlarging research capacity in the developing countries to which it has lending programs.

Therefore, efforts must be made to improve institutions and researchers residing in these countries more than encouraging research based in Washington D.C. in particular. A decentralized mechanism towards disseminating research resources helps to strengthen the points of communication of the Bank with these countries. This benefit alone could become significant in Bank relations with countries. This approach would require identification of institutions and persons to engage in research programs, which must be openly circulated.

In Southeast Asia, one possible regional venue is the Council on Asian Manpower Studies (CAMS), which has formulated programs of research involving associated Southeast Asian scholars and institutions. Research output in this Council has steadily progressed.

Within countries, the points of contact can be broadened. It is quite clear that the Bank's dealings are with governments, but in many countries the possibility of mutually beneficial contacts with researchers in institutes and universities is not precluded, and would even be a matter encouraged by the governments.

In this setting, there will be some trade-offs with quality of useful research, but this contributes to the growth of institutional capacity and eventually to development. The Bank should derive some pay-off from this process.

### Research Allocation By Data Availability Criterion

Within the Bank staff, there is some disagreement as to the value of some of the research on income distribution. On the one hand, there is the feeling that much of the work is too theoretical to be of value to their operations. Some of the empirical work reflects a "massaging" of data and therefore has a tendency to depend less on primary data.

On the other hand, data availability has always been a consideration for productive research on income distribution. The Bank admits this as a criterion (a strong one) for doing research. Therefore, countries which have relatively better data on the subject (income distribution, etc.) tend to be studied more than those without.

Data availability therefore has a consequence on the decision to be studied. The Bank should develop steps, together with governments, to improve not only data availability but also their quality. This requirement is a tall order, because it is as large in many respects as the development process itself and involves investments in statistical personnel, organization of statistical systems, and to some extent in the training programs within the countries. Only countries in some viable state of development often-times can attend to these requirements. In any case, this demonstrates only the difficulty of the task and should involve, in tackling it, coordination with the United Nations in programs pertaining to statistical improvement.

### Regional vs. Family and Household Income Research

The concern over income distribution and employment has its regional dimension as well. Considering the difficulties of data relating to family income, which has been officially expressed in some countries (in this particular case, Thailand, Indonesia and even the Philippines), it seems that there is less tendency to rely on research findings which stress family and household income distribution.

Moreover, greater policy concern has been expressed on the improvement of the regional income opportunities. Focus therefore on regional income distribution research would probably have greater pay-off in directing and influencing policy directions.

Of course, the concern over the poorest sectors of the population and the efforts made in trying to determine which compose such sectors had inevitably led to some attention on the underdeveloped regions of particular countries. It is nevertheless advanced that research activities focused on regional income disparities and their alleviation are more attractive focus of attention of most governments. Therefore, research focused on this could yield a greater degree of response from governments than those on family income distribution where basic data questions often tend to obfuscate the findings.

### Malaysian Study

As an example of Bank research, focus on the Malaysian study has been suggested. In magnitude, this study is by far one of the most comprehensive. It has taken the form of a collaborative effort between the Bank (at the Development Research Center) and the Economic Planning Unit of the Prime Minister's Office.

The research has operational planning applications. It is this aspect of the work which accounts for a very receptive and favorable assessment from the Malaysian EPU. (See Annex to this Memo.)

Income distribution questions are integrated into the normal input-output framework. A social accounting matrix is constructed. The planning model includes 30 production activities, 59 output, 51 factors and 36 households. This comprehensive research has been used operationally by the EPU.

As a pioneering activity, this work deserves special attention. The integration of the income distribution and employment problems with the planning framework links the policy problems of development with the central work of the planning ministry. The comprehensiveness of the scope and the special relations with the planners of the country makes the research activity directly utilizable.

Moreover, the work has probably upgraded the technical capability of the planning office in dealing with the problems at hand. (Indeed, EPU members have gone to Washington to participate in the research.) To this extent it has raised local capacity. But in the peculiar case of Malaysia, unless research institutions outside of the operational and planning arms of government are more directly involved in the



conceptualization and in the actual work on the model, the improved research capacity will not be transferred effectively and the net benefits from the work (insofar as research capacity is concerned) will be the Washington-based researchers.

The research work therefore could have had far greater impact. What is important, however, is that the research undertaking coincided directly with work that the government planners were working on and therefore fitted well into the priorities perceived by them.

This type of research could be a pattern for collaborative Bank research with other governments. However, it requires a large budget and relatively a large commitment of research manpower resources. Therefore, its size and requirement alone restricts its replication in many other cases.

#### Capital-Labor Substitution Studies

Studies on capital-labor substitution have been made as a response to the need to generate more employment in the civil works programs in many developing countries.

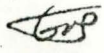
In general, the early phases of this research has concluded that "labor-intensive methods, as traditionally practical in many developing countries, are not competitive with modern-equipment methods for most conceivable sets of factor prices."

These findings have led to a focus on the need for appropriate technology. Therefore the focus of the current phase (Phase III) is to seek to develop and demonstrate appropriate intermediate civil-construction technologies suitable for labor-abundant economies, for which field work in India and Indonesia have been done. Extension of these field experiments are being made in Africa, such as Kenya, Chad and Lesotho, as well as in Honduras. Studies of how manual labor productivity can be increased through: (a) improved tools; (b) improved organization/management techniques; and (c) improved worker nutrition, have been made.

It is reported that the results of this are encouraging and has drawn the Bank to assess its operational implications for bank lending. Those engaged in this project report that it would not have been possible to change the climate of negative thinking in the Bank on this subject without having gone into this type of research.

Most of the Bank activity on this research involves cooperative efforts with the ministries of public works of the respective countries. A large component of the project was designed to collect primary data.

This research activity puts into focus the problem of appropriate technology in the developing countries and raises the policy issue as to which extent the Bank would assist in developing such technology, not only in the field of civil construction (thus, construction equipment), but also in agriculture and industry.



GERARDO P. SICAT

MEMORANDUM ANNEX for -

Members, RAPIDE

SUBJECT: Research in Malaysia, Thailand, Indonesia

This is a report on my conversations with high planning officials of Malaysia, Thailand and Indonesia pertaining to the research on income distribution and employment of the World Bank, based on a trip to Bangkok and Kuala Lumpur in early November.

My specific task was to determine whether the research done by the Bank in these countries had been directly valuable to their specific needs or not.

In Malaysia, I had conversations with Tan Sri Thong Yaw-Hong, Director-General of the Economic Planning Unit, Prime Minister's Office; and in Thailand, I talked with Secretary-General Krit Sombathsiri and Planning Director Phisit Pakkasem of the National Economic and Social Development Board. I also wish to report my conversations (in Bangkok) on the same subject with Minister Sumarlin of Indonesia, Vice-Chairman of the Planning Agency (BAPPENAS).

In Malaysia, the studies of poverty and income distribution had been originally conceived by the planning unit as essential to their needs. When the Bank suggested to them later that a major study on the same subject on Malaysia could be undertaken, they therefore welcomed it.

Several research reports had been made on said research. The principal objective was to come out with a planning model that would be able to address itself directly to the income distribution and poverty alleviation targets of the plan and to be able to use this for generating information and policy recommendations.

The chief user of the research findings is the economic planning unit. Because the EPU considers the research as valuable to their work, this research activity may be considered as successful from that criterion.

Working relations between the Bank research team and the EPU has been particularly beneficial from the Malaysian viewpoint. The planning model is used simultaneously in Washington and in Kuala Lumpur. Findings and hypothetical simulations are done independently at both ends, and comparisons of these findings are discussed. At the same time, some members of the EPU had been able to spend time in Washington to contribute to, as well as learn from, the research activity.

Whether or not the research effort of the Bank in this area has contributed to increasing Malaysian research capacity, it seems at least clear that the EPU has been strengthened in its capability to tackle the policy problem of improving income distribution. A section or working group has been created dealing with this specific area.

In the case of Thailand, it seems that there is less awareness or benefit from the research. This may be partly due to the small scale in the effort, compared to the large research budget to the Bank research on Malaysia, and could also very well be due to the perceptions by the officials concerned. In any case, the data base on income distribution had been cited as very poor. Therefore, little use could be derived much more from studies based on questionable data.

A more radical view concerning research on the subject had been expressed by one senior official (Dr. Phisit). He expressed the view that income distribution is a highly political matter and suggested that research and work on this subject is a prerogative of the country concerned. Since research on the subject tends to contain policy prescriptions, it is better if this research were done by national agencies and institutions, not by foreign institutions.

In the case of Indonesia, the problem of data base has been cited as a major obstacle to the usefulness of research. It seemed also that a major concern of planners is the question of regional income disparities and how they can be overcome. Because of this concern, it seemed difficult to assess whether the studies of the Bank on this subject had been of any value to the government.

It may be asked how the Bank research contributes to research capacity within the countries concerned. If research capacity is to be broadly defined to mean the improvement of capacity for research among the wider milieu of research institutions, including universities (aside from planning and operations agencies of the government), there is so far little interaction with this wider network of institutions. There is improved capability in Malaysia to plan along the policy lines covered by this research. But this could be in part due to the scale of the project.

## Conclusions

### A. Research Emphases

1. Basic data analysis )
2. Bank policy related ) within explicit, selective
3. Speculative and critical) comparative context

### B. Specific Income Distribution Priorities

1. Empirical analysis of second-order effects of policy interventions and patterns of development, e.g.,
  - a) Basic needs
  - b) Diverse types of Bank lending
  - c) Domestic policies
  - d) Integration into the world trade and capital markets
2. Greater emphasis upon level and changes in incomes of socio-economic groups than focus on size distribution
  - a) Data collection and analysis, especially time series
  - b) Determination of behavioral relationships, e.g.,
    - mobility
    - production substitution
    - consumption substitution
3. Comparative case studies of experiences in series of countries over time keyed to data analysis, and more explicit impact analysis

### C. Employment Priorities

1. Functioning of labor market institutions and means of generating greater employment
2. Structural characteristics of unemployment composition and changes
3. Demand side research by characteristics of firms
4. Conceptual and empirical treatment of disaggregated informal sector emphasizing changes over time: which parts increase, which diminish
5. Study of rural labor markets, agricultural and non-agricultural, and means of creating jobs (public works) with emphasis upon second rounds impacts
6. Project-related research on appropriate technology increasing labor intensity

D. Data Base

1. Bank position is ambiguous
  - a) User, but not producer
  - b) Value as input, not as output
  - c) Lack of continuity and cumulative impact
2. Greater emphases upon
  - a) incomes of particular groups
  - b) wages and wage differentials
  - c) price deflators, and other intermediate inputs
3. 1980 Census Benchmark

E. Relationship with LDC's

1. More emphasis on research capacity and institution building
  - a) especially needed in Income Distribution and Employment
    - 1) Domestic policy important
    - 2) Data needs on continuing basis
2. Too selective and haphazard

*Bank focus of outside work - don't say anything (GP).*

## Issues

### 1. Role of Bank Research in Income Distribution and Employment

What kind of research should the Bank engage in? What are the advantages and limitations of research that is:

- Project-oriented *expert on state - of - arts.*
- Primary data collection
- Comparative
- Country specific
- Development process policy related

What weight should it give to:

- Original theoretical and empirical research
- Adaptation of existing research
- Measurement and tools
- Role for a 'think tank'

### 2. Definition of Priorities in Income Distribution Research

Has the focus on the size distribution been the right one compared to an emphasis upon socio-economic groups?

*regional focus.*

Should the emphasis have been on poverty rather than relative inequality?

Has the cross-section analyses been adequate?

Should there be more time-series emphasis?

Should there be more concern with policy instruments and politics?

Are the general equilibrium, price endogenous models a useful genre?  
Should there be more emphasis upon behavioral relationships involving socio-economic groupings?



3. Definition of Priorities in Employment Research

Should there be more concern with the allocation mechanisms and institutions of labor markets over time?

How much continuing emphasis should there be on the informal sector? on rural-urban migration? Has the research in the Bank on these subjects been adequate?

Has the research on labor supply of households been useful?

*NO.*

How effective has the project-related research on capital-labor substitution been?

Is small scale industry a useful focus? *Yes.*

4. Data Collection and Processing

Should the Bank play an active role?

What are the principal needs?

- Size distribution vs. socio-economic groups ✓
- wages and wage differentials *good idea*
- price deflators

Where should it be done?

1980 Census cooperation

5. Relationship of Research to LDC's

Has the research been responsive to needs?

Has it been collaborative?

Has it been too selective?

Should it be institution-building?

6. Organization of Research

What role should the Research Committee play in establishing policy and defining strategy?

How can the "right" projects be brought forth?

Is the present vetting function performing well? ZBB

Is the evaluation process adequate?

Should outsiders have a larger role?

7. Articulation of Research

Is the relationship between the research and operating divisions of the Bank an effective one?

Does the kind of research determine the articulation?

Does the quality of the research influence the link?

Should the Income Distribution and Employment Divisions be tied more closely?

8. Dissemination of Research

Is the present system of working papers and seminars an effective internal channel of communication?

Are results communicated to policy makers and researchers in member countries?

WAh. Square and Barnum.  
Cost of Staff Papers?  
Check WBSWP?

# OFFICE MEMORANDUM

TO: Messrs. Kuznets, Solis, Lewis

DATE: December 6, 1977

FROM: Michael Beenstock<sup>MB</sup>

SUBJECT: RAPIDE

I attach some notes on the internal articulation of Bank research that have been prepared by myself and Al Fishlow. Further contributions should be waiting for you at the Park Central when you arrive.

Attachment

MBeenstock:fvf

## Bank Research Program

The program of research in income distribution and employment can not be evaluated in isolation from the Bank's overall research strategy and objectives. Its own strengths and weaknesses are only partially peculiar to the subject matter, and partially reflect the special position of Bank research as a whole.

Research within the Bank has only become formally and specifically defined in the last few years. A conscious decision, guided in part by recommendations of outside consultants, has been taken to differentiate such activity from the considerable analytic output generated in operating departments and regional divisions. The latter takes the form of country reports, special mission reports, policy papers, etc. All of these assemble information, interpret data, and derive conclusions that feed into management decisions about sector priorities, country requirements, and Bank policies. In many instances, income distribution and employment issues have figured prominently. Individual country models, analyses of labor market behavior, definitions of poverty lines, policy papers on basic needs, are included among such output.

The differences between such activity and the research program as it has evolved in the same area seem to be of four principal kinds. First, there is the characteristic of the product. The non-research analytic studies tend to be a final output, rather than intermediate. They focus on particular problems, and reach conclusions on the basis of what is known and available. Formal research has been

concerned instead to develop new and more relevant tools and procedures; to make available new and hitherto unavailable information; and to pursue studies whose intermediate stages may only yield input into ongoing research.

A second and related difference is the time perspective for obtaining results. The vast majority of reports derive from short periods of concentrated application in which deadlines are of necessity respected. Time horizons for research output have been set at much longer intervals. Not infrequently the actual execution has taken even longer.

In the third instance the audiences for the output are not identical, although partially overlapping. Bank reports are intended almost exclusively for internal consumption, whether as a basis for discussion with member countries or for internal discussion. Circulation is not widespread to outsiders, although some access has frequently been possible. The research program, by contrast, self-consciously sought to reach a wider community. The Research Report for 1975 explicitly defined three separate audiences:

- (i) The policy and operating staff of the Bank;
- (ii) policy makers in developing countries;
- (iii) the international research community.

It defended such a broader choice: "It has sometimes been suggested that we should concentrate more on the Bank staff as the major concern of our research output. However, since research that is valuable for internal use in the Bank will almost by definition be of value to others concerned with development problems, we have concluded that most

research projects must be addressed to all three groups..." (p. 2). This principle has continued to govern.

A fourth difference has been the relative utilization of internal and external resources. Analysis conducted by the operating departments and regional divisions has relied to a greater extent upon resident Bank staff than have the formal research projects. Of the total outlays of \$6 billion for research in FY '76 (including staff time), external expenditures amounted to more than 40 percent. The comparable ratio for other categories of current Bank expenditure is only 17%. Research projects typically involve more than Bank staff. In earlier years, there was a much larger contrast component to the consulting in which outsiders operated more independently; in recent years, a greater need for supervision and interaction has been recognized.

The establishment of a formal Bank research program has thus been concerned to assume longer-term, more basic analyses of a high quality. Outsiders have been called upon largely dependent upon their previous association with Bank personnel. The intent has always been to exert an influence beyond the confines of the institution itself. It has been a relatively modest undertaking relative to the total scope of Bank activities. Since FY '72 external research expenditure has been kept roughly constant at about \$2.3 million (in constant FY'77 dollars) while the real rate of growth of the Bank's current expenditure has been 6.8% per annum. Over the last five years, therefore, the importance of external research expenditures in

total current expenditure has declined from 1.6% in FY '73 to 0.96% in FY '77. Total research outlays are available for only the last two years. Further details of the relationship between these expenditures are shown on Table 1.

Table 1

<u>Relative Importance of External Research Expenditure</u>					
<u>\$ Millions</u>					
<u>Year (FY)</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>B/A</u>	<u>C/A</u>
	<u>Current Expenditure</u>	<u>External Research Expenditure<sup>a</sup></u>	<u>Total Research Expenditure</u>		
1973	109.4	1.77	n.a.	1.6	n.a.
1974	134.2	1.74	n.a.	1.3	n.a.
1975	157.5	1.99	n.a.	1.26	n.a.
1976	185.0	2.07	6.00	1.12	3.2
1977	213.1	2.04		0.96	

<sup>a</sup> Research Committee projects only; in 1976 an additional .45 in external resources was expended; in 1977,

Sources: World Bank Research Program, December 30, 1975, Appendix, Table 2. World Bank Research Program, January 13, 1977, Table 2.2 and forthcoming issue, Annual Reports.

The objectives of the Research Program have been more ambitious. As identified in the first report, and reiterated subsequently, there have been four principal goals:

- (i) To support all aspects of Bank operations, including the assessment of development programs in member countries,
- (ii) To broaden our understanding of the development process,
- (iii) To improve the Bank's capacity to give policy advice to its members,
- (iv) To assist in developing indigenous research capacity in member countries.

Such a description is flexible and far-ranging. It has fed expectations that are difficult to fulfill. Some potential users within the Bank have regarded the Program as too abstract and irrelevant to their needs. Some researchers within the Bank have felt that individual projects have not met the professional standards that ought to have been imposed, and that Bank needs have taken precedence over quality.

Such tension is probably inevitable in a Bank research program designed to satisfy both institutional requirements and assurance of autonomy. Members of the Board of Directors of the Bank have been concerned that research activities be related to operations and concentrated on those subjects in which the Bank has a comparative advantage. Monitoring of this policy was conceived to fall partially to the Research Committee. This group, representative of both users and researchers, of DPS and CPS, evaluates the individual projects submitted by researchers and determines whether they should be funded or not. In recent years about two-thirds of total Bank research expenditure has been allocated to projects brought before the Committee. Over time its functions have subtly changed. Originally, a somewhat broader role was envisaged for the Committee in establishing priorities; a series of overviews of particular research areas was commissioned and discussed by it. Such a function has been less prominent in recent years. At the other end of the process, at the same time, a system of Review Panels has been instituted. Chaired by a member of the Research Committee, the Panel calls upon three to five staff members drawn from all parts of the Bank who are knowledgeable in the subject matter. The



Panel meets with the principal investigator and is charged not merely with formulating an affirmative or negative response, but also with making recommendations concerning the scope, methods, and objectives of the research project. Its deliberations focus on single proposals and it may meet more than once before reaching a decision that is passed on to the Committee. The effect of this innovation has been to have the Research Committee now focus on fewer details of particular projects, while also eschewing many of the larger policy questions that transcend the discussion of individual proposals.

Status reports are submitted on an annual basis once projects are approved. They have rarely been a source of significant information or a basis for reconsideration of earlier Research Committee decisions. Rather they have tended to be pro-forma accounts of the pace of budgetary disbursement. More recently the Research Committee has insisted that larger projects be explicitly divided into phases so that more substantive reviews can now be undertaken subsequent to initial approvals.

At the conclusion of the research a Completion Report is filed. It is usually a short statement (approximately 600 words) indicating how well the terms of reference have been fulfilled, the main technical and organizational issues that were encountered, the principal findings and intended method of dissemination. The Completion Report also indicates in very general terms the judgement of the relevant Bank unit regarding the merit of the Project.

An Evaluation Review has been arranged from six to nine months after completion of the project. A review panel, consisting of

perhaps six staff members from interested parts of the Bank, including the originating Department, is appointed. It meets for perhaps two hours, guided by a check-list of issues suggested by the Research Committee. Evaluation Reports are usually about 600 words in length and do not provide a detailed appraisal of the quality of the research, nor a full and critical assessment of the value for Bank operations. Many Reports seem bland, consensus documents.

After completion, research results can be disseminated in a variety of forms, internal and external. Publication, whether as Bank monograph or in article form by academic journals, involves a further evaluation in which outside opinion enters. Many researchers in the Bank feel that this professional peer evaluation is a guarantee of quality, and view such an outlet highly positively. Other staff would prefer more attention to internal dissemination, and at earlier stages of the research. There is apparently no well defined procedure that routinely guarantees circulation as a Departmental or Bank Staff Working Paper prior to external publication.

Beyond written communication, seminars are conducted regularly by the Bank staff. These are generally announced in the Weekly Bulletin. Again, the procedures are largely ad hoc. Seminars have frequently been directed to the research community within the Bank, to the effective exclusion of other staff. Bank-wide seminars on every research report, and ones which seek to put the results in more palatable form, are not yet a routine procedure.

Nor are seminars to report results to researchers and government officials in developing countries themselves. While one such venture has been held in Africa and apparently favorably received, it is not yet a regular channel of communication. Written reports, and where it exists, direct collaboration with developing country researchers and research institutes, have been the principal means for reaching this audience.

#### Research in Income Distribution and Employment

The Research Program in Income Distribution and Employment has proceeded along the two subject lines. The Income Distribution Division was established within the DRC in October 1972 with the mandate to develop a research program that would respond to increasing interest within the Bank on the subject.

A conscious decision was made to establish such a division in order to assure undivided attention to research and freedom from operational responsibilities. In the second instance, it was decided to move ahead quickly and in a variety of directions--a decision whose logical implication was considerable reliance on outside consultants, and financing of research that others had largely defined. A third focus was that of data organization, if not collection. That set in motion institutional arrangements with the Economic Commission for Latin America and the Economic and Social Commission for Asia and the Pacific.

The research strategy has emphasized three areas:

--empirically oriented studies geared to the facts,

--specific quantitative economy wide models in which distributional processes and policy instruments were more explicitly developed,

--particular studies relating to distribution issues.

The first two of these three subjects have received the greatest resources and are most prominently reflected in the output of the Division to date.

Research in employment and labor markets has been largely conducted within the Employment and Rural Development Division of the Economics Department. The Division was established in its present form only in 1975. It inherited three large on-going projects at that time. One was a comparative analysis of public works programs; another, a household study in Belo Horizonte focusing on the characteristics of urban poverty; the third, an investigation of the structure and operation of the "informal" sector in Malaysia.

New research has fallen into two categories:

--an analysis of the structure and functioning of labor markets

--rural household behavior.

In addition, two large new projects are planned, one focusing on small scale enterprise; the other, on trends in the level and structure of employment and wages to be conducted at a macro-economic level and drawing upon comparative country experience.

Much closer contact with operational issues has been expected of the Division. This is clear in the contributions to the policy papers on rural public works and on non-farm rural employment. The Division also has responsibilities to the Program Departments for country economic reporting and analysis of employment issues.

These two Divisions have originated 22 of the 38 research projects approved by the Research Committee falling in the realm of Income Distribution and Employment. Table 2 provides further details of the composition of external research expenditure in areas of research into income distribution and employment. Once the research program had been built up in these areas, it constituted over 25 percent of total external research expenditures. Income distribution alone accounted for almost 20 percent of total outlays. The allocation reflected what were perceived as Bank priorities in this area. In 1977 the program envisaged on income distribution began to be wound down while there was a hiatus with regard to the work on employment.

Table 2

External Research Expenditure on Income Distribution and Employment  
\$ '000

<u>Year (FY)</u>	<u>A</u>	<u>B</u>	<u>(A&amp;B)/Total</u>
	<u>Income</u> <u>Distribution</u>		<u>Employment</u>
1973	121	75	11.1
1974	295	178	27.2
1975	374	175	27.6
1976	344	225	27.5
1977	118	71	9.3

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Source: See Table 1.

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In Table 3 total expenditures on research, including research projects not approved by the Research Committee and financed internally, are presented. It indicates approximate parity for projects both relating to income distribution and employment. Such a ratio is in fact considerably higher than for the program as a whole. As noted



earlier, in 1976 each dollar of external research outlay was matched by about two dollars of staff time. The research program in income distribution and employment has thus depended more heavily on outside consultants than is typical.

Table 3

Year (FY)	Total Research Expenditure <sup>1</sup>				(A&B)/Total (A&B)(%)
	A		B		
	Income Distribution		Employment		
	External	Internal	External	Internal	
1976	344	394	225	222	197
1977					

Source: See Table 1.

<sup>1</sup>Data only available since 1976.

Table 4 presents a classification of research projects in these fields by the source of their stimulus. Category I includes projects which have been instigated outside the DPS. Here the Divisions are in effect servicing a felt need emanating elsewhere in the Bank. Category II includes projects originating in the DPS, but which have been characterized by substantial discussion and collaboration with regions and relevant operating departments of the Bank. Category III contains projects which have been initiated and pursued by the DPS largely independently of other Bank involvement.

What is clear is that the majority of projects are of Type III. Although relatively more of the employment studies fall into the other categories than for income distribution--as might be expected from the Division's greater operational responsibilities--even there research has been pursued rather independently. Such an outcome is consistent

with the emphasis that has been placed upon an autonomous research program.

Table 4  
Origination of DPS Research\*

Category I -- Service Projects

- a) Income Distribution
- b) Employment  
671-61, 670-52.

Category II -- Collaborative Projects

- a) Income Distribution 670-94, 671-27, 671-36, 671-17, 671-62
- b) Employment  
670-43, 671-30, 671-48, 671-26.

Category III -- Independent Projects

- a) Income Distribution 670-06, 670-09, 670-69, 670-83, 670-84, 670-85,  
670-96, 671-08, 671-41, 671-39
- b) Employment  
670-45, 671-06, 671-31, 670-90, 670-99, 671-02, 670-42,  
670-40.

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\* Categories agreed with Messrs. Leiserson, T. King, Ahluwalia and Hawkins.

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Questions for Appraisal

The questions that the Panel has emphasized in examining the research program in income distribution and employment are five in number. In the first instance, we have sought to determine whether Bank research has been directed and conducted along lines of comparative advantage and needs of the institution. It is clear that the Bank should not duplicate work done elsewhere, or initiate general research that might better be performed in universities or other research institutes. It is less clear how such distinctions should be drawn in practice, or how judgements have been made in the past within the Bank.



The principal components of such comparative advantage, as we have identified them and applied them, consist of the following:

- (1) International perspective: the Bank has a natural predilection for comparative analysis providing an overview of a number of different countries
- (2) Development of a basic Data Base: the Bank requires on a continuing basis, because of its recurrent reviews of country performance, consistent and reliable information; it can also more readily incorporate such activity into its ongoing operations
- (3) Country-specific analysis in depth: the Bank's regular association with countries gives it an opportunity for pursuing analyses in depth of their development experience, and the effects of policies they have followed; such selection should be conscious, rather than fortuitous, to provide a basis for comparative study
- (4) Project-related inquiry: design of the Bank's lending operations frequently raises significant issues related to particular projects whose relevance is more general, but which can be effectively examined in conjunction with the projects themselves.

These advantages interact with, and sometimes arise from, the particular needs of the Bank. What the Bank believes it must know for its purposes will also generally be the kind of research it can pursue advantageously.

A second question we have posed is whether the research has made a substantial contribution to understanding of the processes of distribution of income and determination of employment. Because of its special relevances, the adequacy of the organization and preliminary analyses of basic data has been singled out for separate attention.

A third issue we have considered is the articulation of research activities in these fields with operations of the Bank. In this effort we have tried, largely through interview but from other evidence as well, to measure the impact on country analysis, sector and project work, and policy formation. We have further sought to differentiate

whether the degree of success or failure in such influence is a function of the structure for internal dissemination of results, or of the definition of research priorities and the quality of the research performance. Thus we have tried to separate out the adequacy of formal and informal channels of communication, and the sense of users as to the relevance and importance of what is being communicated.

The fourth consideration is the character of the relationship with developing countries in the definition and conduct of research. Have stronger institutions been created? Have the results been capable of application, either directly or as an intermediate input? Have developing country researchers benefitted from the projects?

The fifth and final question is the adequacy of the evolving set of institutions governing research in the Bank: the mechanism for reviewing proposals, the control over execution of projects, and evaluation of completed research. Have these been, and are they, means by which research is directed to the appropriate priorities while contributing to high quality standards? Has the process been a self-correcting one?

Based upon our responses to these inquiries, we have formulated a set of recommendations that go to the substance of what future research might usefully be carried on in these fields, and how the Bank could perhaps organize itself more effectively to attain its research objectives. Our limited exposure to Bank procedures and operations necessarily makes such suggestions tentative ones. We put them forward to encourage response and wider discussion among Bank staff and management.

RAPIDE

Meeting with Ahluwalia and Pyatt

- MA Preparing input for say 15 countries, re 1980 census would require a large institutional effort by the Bank.
- MA Depth for say, 5-6 countries rather than breadth for 60 plus countries is an excellent idea.
- GP Employment and income distribution are interwoven, but conceptual issues would have to be solved before a merger should be considered.
- GP UN should take on board the 'who gets what' issue as part of the reconciliation between GDP estimates and its distribution. At present, the UN may be planning to implement household survey capabilities in LDC's. Should the Bank put the case to the UN to go the 'who gets what' route?
- GP SAM cells may be politically sensitive and Bank may be under pressure not to publish.
- MSA 5-6 country effort will require high involvement with the regions. This is why Malaysian experience has been productive.
- GP Bank has expertise for a task force re 1980 census.
- MA 1980 census data on incomes would be rough because people may be reluctant to state their incomes.
- WAL There should be a focus on child mortality, life expectancy, etc., rather than so much emphasis on the distribution of income.
- MA It is not easy to transfer people from operational divisions to research divisions on temporary assignments.

MA N. American research institutes have an advantage in processing RPOs because of their proximity to the Bank. Maybe a fund should be arranged for financing the travel costs to Washington of LDC research institutes.

JS The Bank should make an active effort to identify research consultants in LDC's.

GP Maybe the Bank should transfer staffers to LDC's to foster indigenous research institutes.

- WAL By "project-oriented" he means something wider than Bank projects per se. Research should relate to the Bank's activities in general and the Bank should be the authority on its own areas of activity.
- WAL Employment data are worth getting but don't spend a penny on Lorenz curves.
- JR Bank research has focussed on the "easy" countries and tries to apply the results to the "difficult" ones that happen also to be the very poor ones.
- WAL Bank should train professionals in LDCs.
- JR Research efforts seem to have had a preconceived model and have tried to squeeze what little evidence there is into this mould.
- JS Regional income distribution should be emphasized.
- SK Intellectual resources at the Bank for data processing are inadequate, i.e. not just a cash problem.
- WAL Indirect beneficiaries of projects should be researched. This should be a priority to get away from the bi-polar view that electricity projects are non-grata while only immediate poverty projects are ok.
- WAL Employment work was better than income distribution work. Employment-Education paper on Malaysia was good. So was Non-Farm Rural Employment paper. Household labor supply work was not much of a contribution.
- WAL Bank should not emphasize migration modelling since migration is not operable to single economic model.
- WAL Emphasis should be given to employment of juveniles, school-leavers, women.
- WAL The employment problem in LDCs can only be solved in the countryside. The Bank should be the expert on this.
- JR In basic needs, linkages and delivery systems should be emphasized. The other issues have been explored elsewhere, e.g. at ILO.

- JS The marginal cost to the Bank in implementing SAM in the Philippines would be little because there already exists an indigenous capability. But this might not apply elsewhere.
- JS If the Bank works with the government it should try to involve non-government research institutes.
- SK Time is running out re: 1980 census.
- WAL There is a trade-off to be considered between
- JR LDC researchers are more knowledgeable about problems in their own countries. Bank could benefit by moving away from "oldboy" network.
- WAL Bank tends to highlight income distribution as an end rather than its role as a means. We wouldn't want to cut down the cocoa trees in Ghana!
- WAL Research Committee should not assume strategic role in research planning.
- WAL Program staff should be transferred on a temporary basis to DPS to do research.
- JR For policy research, researchers should have practical operational experience.
- WAL Staff paper good idea.
- JS Staff paper good idea.
- JS & JR Dissemination missions are a good idea, but the form should be flexible reflecting government attitudes.

MEETING WITH MESSRS. LEISERSON, STOUTJESDIJK, SQUIRE AND MAZUMDAR

- Squire            Research is biased towards country analysis rather than project analysis.
- Stoutjesdijk    Bank is involved in project appraisal rather than design, research audience should reflect this.
- Leiserson        Loan pressure generates ad hocness in data gathering in the "give me the latest data estimate" syndrome.
- Mazumdar        Malaysia educational research has not fed into education projects because of Bank institutional problems.

RAPIDE - 2nd Meeting: Minutes

- WAL By "project-oriented" he means something wider than Bank projects per se. Research should relate to the Bank's activities in general and the Bank should be the authority on its own areas of activity.
- WAL Employment data are worth getting but don't spend a penny on Lorenz curves.
- JR Bank research has focussed on the "easy" countries and tries to apply the results to the "difficult" ones that happen also to be the very poor ones.
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- WAL Employment work was better than income distribution work. Employment-Education paper on Malaysia was good. So was Non-Farm Rural Employment paper. Household labor supply work was not much of a contribution.



## Conclusions

### A. Research Emphases

1. Basic data analysis )
2. Bank policy related ) within explicit, selective
3. Speculative and critical) comparative context

### B. Specific Income Distribution Priorities

1. Empirical analysis of second-order effects of policy interventions and patterns of development, e.g.,
  - a) Basic needs
  - b) Diverse types of Bank lending
  - c) Domestic policies
  - d) Integration into the world trade and capital markets
2. Greater emphasis upon level and changes in incomes of socio-economic groups than focus on size distribution
  - a) Data collection and analysis, especially time series
  - b) Determination of behavioral relationships, e.g.,
    - mobility
    - production substitution
    - consumption substitution
3. Comparative case studies of experiences in series of countries over time keyed to data analysis, and more explicit impact analysis

### C. Employment Priorities

1. Functioning of labor market institutions and means of generating greater employment
2. Structural characteristics of unemployment composition and changes
3. Demand side research by characteristics of firms
4. Conceptual and empirical treatment of disaggregated informal sector emphasizing changes over time: which parts increase, which diminish
5. Study of rural labor markets, agricultural and non-agricultural, and means of creating jobs (public works) with emphasis upon second rounds impacts
6. Project-related research on appropriate technology increasing labor intensity

D. Data Base

1. Bank position is ambiguous
  - a) User, but not producer
  - b) Value as input, not as output
  - c) Lack of continuity and cumulative impact
2. Greater emphases upon
  - a) incomes of particular groups
  - b) wages and wage differentials
  - c) price deflators, and other intermediate inputs
3. 1980 Census Benchmark

E. Relationship with LDC's

1. More emphasis on research capacity and institution building
  - a) especially needed in Income Distribution and Employment
    - 1) Domestic policy important
    - 2) Data needs on continuing basis
2. Too selective and haphazard

December 12, 1977

RAPIDE

In view of the reading material that is enclosed, the meeting will take place in Room D-461 promptly at 10:00 a.m., Tuesday, December 13.

Michael Beenstock

Enclosure

December 9, 1977

MEMORANDUM for -

Members, RAPIDE

SUBJECT: Topical Notes Regarding RAPIDE

The following are topical notes related to RAPIDE.

Contribution of Research at Bank

World Bank research has a potential contribution to the understanding of the processes and management of development.

The problem is to strike a balance on what is useful to the advancement of the theory of income distribution, for instance, and the improvement of the analysis of practical problems relevant to development processes and to Bank operations. It would seem that the Bank's immediate concern would be to advance knowledge where such knowledge has an immediate pay-off to improving its operations.

In this connection, a proper division of labor between the Bank and outside institutions should be spelled out by the Bank. It would seem that the Bank has an interest in the improvement of theory and analytical methods. But this interest should not make it conclude that the best way to achieve it is through building an in-house capacity.

It would seem better for the Bank to allot a proportion of its resources devoted to research resources by stimulating institutions in universities, research institutions, and funding institutions to improve their activities, and defining terms of references.

Then the Bank should be able to allocate resources to more practical problems related to its operations.

Therefore, a reasonable assessment of the division of labor with other agencies/institutions interested in the problem would enhance the use of research resources. This requires a review of programs of research, including the possibility of joint efforts, with foundations, bilateral and multilateral agencies. In the case of the latter, note of the ILO research program is specially relevant.

### Improving Research Capacity in LDC's

While the principal task of Bank research may be to improve its direct contribution to development as a lending institution, it has an interest in enlarging research capacity in the developing countries to which it has lending programs.

Therefore, efforts must be made to improve institutions and researchers residing in these countries more than encouraging research based in Washington D.C. in particular. A decentralized mechanism towards disseminating research resources helps to strengthen the points of communication of the Bank with these countries. This benefit alone could become significant in Bank relations with countries. This approach would require identification of institutions and persons to engage in research programs, which must be openly circulated.

In Southeast Asia, one possible regional venue is the Council on Asian Manpower Studies (CAMS), which has formulated programs of research involving associated Southeast Asian scholars and institutions. Research output in this Council has steadily progressed.

Within countries, the points of contact can be broadened. It is quite clear that the Bank's dealings are with governments, but in many countries the possibility of mutually beneficial contacts with researchers in institutes and universities is not precluded, and would even be a matter encouraged by the governments.

In this setting, there will be some trade-offs with quality of useful research, but this contributes to the growth of institutional capacity and eventually to development. The Bank should derive some pay-off from this process.

### Research Allocation By Data Availability Criterion

Within the Bank staff, there is some disagreement as to the value of some of the research on income distribution. On the one hand, there is the feeling that much of the work is too theoretical to be of value to their operations. Some of the empirical work reflects a "massaging" of data and therefore has a tendency to depend less on primary data.

On the other hand, data availability has always been a consideration for productive research on income distribution. The Bank admits this as a criterion (a strong one) for doing research. Therefore, countries which have relatively better data on the subject (income distribution, etc.) tend to be studied more than those without.

Data availability therefore has a consequence on the decision to be studied. The Bank should develop steps, together with governments, to improve not only data availability but also their quality. This requirement is a tall order, because it is as large in many respects as the development process itself and involves investments in statistical personnel, organization of statistical systems, and to some extent in the training programs within the countries. Only countries in some viable state of development often-times can attend to these requirements. In any case, this demonstrates only the difficulty of the task and should involve, in tackling it, coordination with the United Nations in programs pertaining to statistical improvement.

### Regional vs. Family and Household Income Research

The concern over income distribution and employment has its regional dimension as well. Considering the difficulties of data relating to family income, which has been officially expressed in some countries (in this particular case, Thailand, Indonesia and even the Philippines), it seems that there is less tendency to rely on research findings which stress family and household income distribution.

Moreover, greater policy concern has been expressed on the improvement of the regional income opportunities. Focus therefore on regional income distribution research would probably have greater pay-off in directing and influencing policy directions.

Of course, the concern over the poorest sectors of the population and the efforts made in trying to determine which compose such sectors had inevitably led to some attention on the underdeveloped regions of particular countries. It is nevertheless advanced that research activities focused on regional income disparities and their alleviation are more attractive focus of attention of most governments. Therefore, research focused on this could yield a greater degree of response from governments than those on family income distribution where basic data questions often tend to obfuscate the findings.

### Malaysian Study

As an example of Bank research, focus on the Malaysian study has been suggested. In magnitude, this study is by far one of the most comprehensive. It has taken the form of a collaborative effort between the Bank (at the Development Research Center) and the Economic Planning Unit of the Prime Minister's Office.

The research has operational planning applications. It is this aspect of the work which accounts for a very receptive and favorable assessment from the Malaysian EPU. (See Annex to this Memo.)

Income distribution questions are integrated into the normal input-output framework. A social accounting matrix is constructed. The planning model includes 30 production activities, 59 output, 51 factors and 36 households. This comprehensive research has been used operationally by the EPU.

As a pioneering activity, this work deserves special attention. The integration of the income distribution and employment problems with the planning framework links the policy problems of development with the central work of the planning ministry. The comprehensiveness of the scope and the special relations with the planners of the country makes the research activity directly utilizable.

Moreover, the work has probably upgraded the technical capability of the planning office in dealing with the problems at hand. (Indeed, EPU members have gone to Washington to participate in the research.) To this extent it has raised local capacity. But in the peculiar case of Malaysia, unless research institutions outside of the operational and planning arms of government are more directly involved in the

conceptualization and in the actual work on the model, the improved research capacity will not be transferred effectively and the net benefits from the work (insofar as research capacity is concerned) will be the Washington-based researchers.

The research work therefore could have had far greater impact. What is important, however, is that the research undertaking coincided directly with work that the government planners were working on and therefore fitted well into the priorities perceived by them.

This type of research could be a pattern for collaborative Bank research with other governments. However, it requires a large budget and relatively a large commitment of research manpower resources. Therefore, its size and requirement alone restricts its replication in many other cases.

#### Capital-Labor Substitution Studies

Studies on capital-labor substitution have been made as a response to the need to generate more employment in the civil works programs in many developing countries.

In general, the early phases of this research has concluded that "labor-intensive methods, as traditionally practical in many developing countries, are not competitive with modern-equipment methods for most conceivable sets of factor prices."

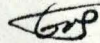
These findings have led to a focus on the need for appropriate technology. Therefore the focus of the current phase (Phase III) is to seek to develop and demonstrate appropriate intermediate civil-construction technologies suitable for labor-abundant economies, for which field work in India and Indonesia have been done. Extension of these field experiments are being made in Africa, such as Kenya, Chad and Lesotho, as well as in Honduras. Studies of how manual labor productivity can be increased through: (a) improved tools; (b) improved organization/management techniques; and (c) improved worker nutrition, have been made.



It is reported that the results of this are encouraging and has drawn the Bank to assess its operational implications for bank lending. Those engaged in this project report that it would not have been possible to change the climate of negative thinking in the Bank on this subject without having gone into this type of research.

Most of the Bank activity on this research involves cooperative efforts with the ministries of public works of the respective countries. A large component of the project was designed to collect primary data.

This research activity puts into focus the problem of appropriate technology in the developing countries and raises the policy issue as to which extent the Bank would assist in developing such technology, not only in the field of civil construction (thus, construction equipment), but also in agriculture and industry.



GERARDO P. SICAT

MEMORANDUM ANNEX for -

Members, RAPIDE

SUBJECT: Research in Malaysia, Thailand, Indonesia

This is a report on my conversations with high planning officials of Malaysia, Thailand and Indonesia pertaining to the research on income distribution and employment of the World Bank, based on a trip to Bangkok and Kuala Lumpur in early November.

My specific task was to determine whether the research done by the Bank in these countries had been directly valuable to their specific needs or not.

In Malaysia, I had conversations with Tan Sri Thong Yaw-Hong, Director-General of the Economic Planning Unit, Prime Minister's Office; and in Thailand, I talked with Secretary-General Krit Sombathsiri and Planning Director Phisit Pakkasem of the National Economic and Social Development Board. I also wish to report my conversations (in Bangkok) on the same subject with Minister Sumarlin of Indonesia, Vice-Chairman of the Planning Agency (BAPPENAS).

In Malaysia, the studies of poverty and income distribution had been originally conceived by the planning unit as essential to their needs. When the Bank suggested to them later that a major study on the same subject on Malaysia could be undertaken, they therefore welcomed it.

Several research reports had been made on said research. The principal objective was to come out with a planning model that would be able to address itself directly to the income distribution and poverty alleviation targets of the plan and to be able to use this for generating information and policy recommendations.

The chief user of the research findings is the economic planning unit. Because the EPU considers the research as valuable to their work, this research activity may be considered as successful from that criterion.

Working relations between the Bank research team and the EPU has been particularly beneficial from the Malaysian viewpoint. The planning model is used simultaneously in Washington and in Kuala Lumpur. Findings and hypothetical simulations are done independently at both ends, and comparisons of these findings are discussed. At the same time, some members of the EPU had been able to spend time in Washington to contribute to, as well as learn from, the research activity.

Whether or not the research effort of the Bank in this area has contributed to increasing Malaysian research capacity, it seems at least clear that the EPU has been strengthened in its capability to tackle the policy problem of improving income distribution. A section or working group has been created dealing with this specific area.

In the case of Thailand, it seems that there is less awareness or benefit from the research. This may be partly due to the small scale in the effort, compared to the large research budget to the Bank research on Malaysia, and could also very well be due to the perceptions by the officials concerned. In any case, the data base on income distribution had been cited as very poor. Therefore, little use could be derived much more from studies based on questionable data.

A more radical view concerning research on the subject had been expressed by one senior official (Dr. Phisit). He expressed the view that income distribution is a highly political matter and suggested that research and work on this subject is a prerogative of the country concerned. Since research on the subject tends to contain policy prescriptions, it is better if this research were done by national agencies and institutions, not by foreign institutions.

In the case of Indonesia, the problem of data base has been cited as a major obstacle to the usefulness of research. It seemed also that a major concern of planners is the question of regional income disparities and how they can be overcome. Because of this concern, it seemed difficult to assess whether the studies of the Bank on this subject had been of any value to the government.

It may be asked how the Bank research contributes to research capacity within the countries concerned. If research capacity is to be broadly defined to mean the improvement of capacity for research among the wider milieu of research institutions, including universities (aside from planning and operations agencies of the government), there is so far little interaction with this wider network of institutions. There is improved capability in Malaysia to plan along the policy lines covered by this research. But this could be in part due to the scale of the project.

October 21, 1977

Professor John Williamson  
Rua Apraziveli 129/102  
Santa Theresa  
Rio de Janeiro  
Brazil

Dear John,

I think I explained to you when we met that I am a member of a Research Advisory Panel on Income Distribution and Employment which is Chaired by Al Fishlow. You may know that the Bank has recently completed a model of income distribution in Brazil which was actually constructed by Bocha and Taylor. Our Panel is, among other things, trying to assess the relevance of this and other research efforts to the Bank and to the countries concerned. I must say that the Brazilian desk here has been rather disparaging. Have you picked up any reactions or gossip about this or are you likely to? I know that the model was based on IBGE data and I understand the various drafts have been floating around the States, Brazil and elsewhere. It would be quite a scoop if we could get a feel for what the "consumers" think.

All the best.

Yours sincerely,

Michael Beenstock

chroa

Mr. Mark Leiserson, Chief, Employment & Rural Dev.  
Division  
Michael Beenstock, PPR

September 8, 1977

Functional Review of Employment

Sid Chernick asked me where we stood on the Functional Review and said that he hoped we could tie it all up soon. He also said that we should not go out of our way to soften the tone of the drafting.

MBeenstock:fvf

cc: Fishlow > 11/28/77  
LEWIS Nov 22

Mr Fishlow :

You were inter-  
ested in the  
attached.

I enjoyed our  
conversation very  
much

~~D Avramovic~~

DRAGOSLAV AVRAMOVIC

~~Sent to Fishlow and  
Lewis~~

FB

Mr. Dragoslav Avramovic, ECDDR

June 22, 1977

Mark W. Leiserson, ECDER *ll*

Research on Wage and Employment Trends and Structure

Attached is a brief and all too sketchy outline of a program of research by the Division in the above area. Swadesh Bose and I will be in a position to specify in much greater detail the structure and context of the research later this summer. Your comments and reactions (critical or otherwise) as well as your guidance would be greatly appreciated.

cc: Messrs. Stoutjesdijk, ECDDR  
Little, ECDDR  
ECDER Staff

Attachment



DRAFT

Mark W. Leiserson

June 22, 1977

AN OUTLINE PROPOSAL FOR RESEARCH ON THE TRENDS  
AND STRUCTURE OF WAGES AND EMPLOYMENT IN DEVELOPING COUNTRIES

Introduction

It is a widely acknowledged truism that the reduction of absolute poverty in developing countries depends on the rate at which the low income work force can be employed in increasingly productive and remunerative activities. Not infrequently there is tendency to identify the "poverty problem" with the problem of high and potentially increasing levels of open unemployment and "underemployment". Such a formulation has the advantage of simplifying the employment (and poverty) aspects of development into a problem of "labor absorption" which abstracts in large measure from issues of relative supplies of labor and wage determination. Indeed this framework underlies much of that theorizing about the development process which emphasizes labor surplus and dualistic labor markets as central features of less developed economies.

One (somewhat paradoxical) result of this sort of conceptual framework is to make much easier to quantify projections of future employment problems than to measure actual performance in the efficient utilization and reallocation of the work force. Consequently the literature is replete with estimates warning of worsening employment prospects (and by implication of declining labor earnings) while there is little empirical documentation of trends in the levels and structure of unemployment, "underemployment" and real wages.

This lack of empirical information about wage and employment trends is only in part to be explained by absence of statistical data. For, at a deeper level, the absence of statistics reflects the conceptual framework which guides the collection and assembly of quantitative information. By now the inadequacies of measurements of open unemployment as an indicator of the general state of the labor market in developing countries is sufficiently widely recognized to require no emphasis. On the other hand, the notion of "underemployment" has not lent itself to clear and unambiguous interpretations upon which generally accepted operational measures of trend movements could be based.<sup>1/</sup> It appears fairly certain that greater understanding of the complex of employment-income relationships in the development process requires closer investigation of the structure of labor markets and their interactions in determining wages and earnings.

A substantial part of the research now underway in the Employment and Rural Development Division is concerned with the structure and operation of specific types of labor markets at a fairly micro-level. To complement these efforts, it is proposed to develop a program of research on the trends in the level and structure of employment and wages at a more aggregate level and with emphasis on comparative country experience.

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<sup>1/</sup> In his paper "Rural Unemployment - A Survey of Concepts and Estimates for India" (Bank Staff Working Paper No. 234) Raj Krishna discusses how various concepts of unemployment and underemployment have been constructed out of the 15 distinct categories which can be derived from the basic sets of the idle, poor, willing, and "misemployed".

Research Components and Design

The implementation of a program of research of the scope implied by the above will require the identification of related but separable research components which can be carried out within the limits of current and expected Division resources. Precise specifications of the scope, design, and methodology of these components remain to be developed. The following description should, therefore, be understood as providing only a general indication of the types of research efforts under consideration and preparation.

The first component of this research would seek to establish a better and more comprehensive empirical assessment of aggregative trends in employment, unemployment, real wages and labor incomes in developing countries. Some initial efforts of this sort have already been undertaken in connection with the Division's work on the urban poverty program and the preparation of the non-farm rural employment issues paper. This work would be extended and deepened on a more comprehensive and systematic basis.

A second component would be a comparative investigation of the structure of wage relationships between major economic sectors and their changes over time. The principal focus would be on rural/urban and agricultural/non-agricultural wage and employment movements, but the scope of the research would be extended, where data availability permits, to an exploration of wages and employment in major occupational, industrial and regional categories.

While these first two objectives are primarily concerned with improving our empirical knowledge, the underlying motivation is analytical

one of developing improved techniques for incorporating employment related concerns into the Bank's economic, sector and project work. A third component, therefore, would be designed to achieve a better analytic and empirical understanding of wage determination and labor allocation processes in developing countries which can be applied in the formulation of proto-type models of the labor market.

Finally, a fourth component would be directed to the analysis of the variety wage and employment policies, legislative regulations and labor market institutions which exist or have been proposed in developing countries as means of achieving employment and income objectives.

The work on the first of these components is perhaps the most easily specified. It would in the first instance involve assembling existing or readily obtainable series on labor force, employment and wage trends building on previous efforts in this Division and elsewhere (e.g. Turnham, Morawetz, ILO). It would be closely related to and overlap with work on the second component where the emphasis would be more on sectoral wage-employment trends and intersectoral relations. At least initially, the appropriate focus of work in this second area is felt to be the course of rural wage rates, particularly for unskilled labor in agriculture. If sufficient data are available, this will not only provide crucial empirical information on trends in incomes for rural poverty groups but also perhaps permit some empirical testing of wage-employment hypotheses implicit in dualistic labor surplus models of development. A central objective will be to explore, if possible, the pattern of changes in rural/urban and agricultural/non-agricultural wage

relationships which are critical variables influencing the rate of migration between the sectors.

In addition to and partly in conjunction with these longitudinal comparative studies, more intensive analyses of individual country experiences are envisaged. These would draw upon the operational support work of the Division on employment problems in Malaysia, Thailand, Ghana, and possibly Indonesia as well as research currently underway and in prospect on labor markets in Latin America. Such country studies would also seem to be the most appropriate context within which to address basic issues of wage and employment policy as well as the analysis of the effects of particular types of labor market legislation and institutional arrangements.

In all of this work there is the continuing objective of developing better analytic and empirical inputs for modeling of wage determination processes and the operation of labor markets in the form of prototype models. But at this stage it is not possible to specify the manner in which these analytic modeling efforts should be designed or carried out. It is, in any case, to be expected, however, that this research on wage-employment relationships and labor market structure can be of substantial significance in work on the estimation of shadow wage rates for country economic and project analysis.

#### Research Preparation and Staff Resources

During the summer Mark Leiserson and Swadesh Bose intend to prepare a detailed research proposal for submission to the Research Committee covering mainly the first two of the components listed above, but perhaps including one or two individual country studies as well.

This proposal will be designed to tie in with the research on labor markets in Colombia and Peru by Richard Webb and Al Berry and the extension of that research which Webb will be preparing for consideration next spring.

If the recruitment of Trent Bertrand is authorized and successful, he would be able (but not until next spring) to join in designing research on the modeling of wage determination and labor markets.

Much of the research will require the collaboration of outside researchers and particularly the assistance of research institutions and statistical agencies in developing countries. Professor Peter Gregory has indicated his strong interest in collaborating on the extension of the work he did earlier on wage and employment trends. He would be available to devote full time to research in this area during a sabbatical leave from the University of New Mexico if timely arrangements can be made. The continuing interest and past work of the ILO in this area makes it important to obtain their collaboration as well, especially in the assembly of existing wage and employment series and in the identification and processing of so far untapped sources of statistical data. The specific possibilities for collaboration with the ILO will be explored during the summer. Cooperative arrangements with statistical and research institutions in individual developing countries will be investigated later when it becomes clearer what countries appear to offer the best prospects for individual study.

Mr. Ahluwalia

October 26, 1977

Michael Beenstock

Brief for ECLA and Malaysia Visits (RAPIDE)

You agreed to send me separate dosiers for Mr. Sicat (Malaysia visit) and Mr. Solis (ECLA visit) and that I would have them by last Friday. I tried to contact you by phone last week but you did not reply. In view of Messrs. Solis and Sicat's plans to make their visits in the very near future I look forward to your cooperation as soon as possible.

RAPIDE

## OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

DATE: October 5, 1977

FROM: Benjamin B. King *hmk*SUBJECT: RAPIDE

I think the principal questions which the Bank would like to have the panel's views on are those listed below. The list is, of course, in no way intended to limit the panel's horizon.

1. Is there a clear understanding of general objectives in carrying out research in these fields? If not, how could it be improved?
2. Have the types of research carried out by the Bank been most appropriate to its comparative advantage and its operational or policy needs?
3. What improvements can be suggested in the way in which it conducts research particularly in terms of (a) relations with consultants; (b) choice and allocation of staff time; (c) relations with "host" countries.
4. Is adequate effort given to dissemination? This is mainly concerned with dissemination within the Bank in the first instance, including impact on country analysis, sector and project work, policy formation.

Though much the same question applies outside the Bank, it is probable that there has not been enough time as yet to make this a meaningful question in this context.

5. How satisfactory is the mechanism for reviewing proposals, controlling execution and learning from evaluation of completed projects? This would include both departmental and Research Committee activities.
6. What priorities appear appropriate for future work in these fields?

cc: Messrs. Karaosmanoglu  
Grimes  
✓ Beenstock



To: Mr. Fishlow

From: Michael Beenstock

DRAFT  
MBeenstock:sh  
Sept. 30, 1977

Articulation Between Research and Operations

In order to fulfill RAPIDE's terms of reference in relation to the articulation between research and operations, it might be advisable to conduct some case studies of how research and operations have in fact interacted in the Bank. These case studies would be additional to the suggestions of visiting ECLA in Santiago to review the Bank's data research on income distribution and Malaysia where the Bank has been modelling various aspects of income distribution and employment. The case studies suggested below all relate to articulation issues within the Bank itself.

Four possible case studies are outlined. These are:

- i) Economic Analysis of Projects (EAP) - This is a project which seeks to determine a package of practical techniques for calculating efficiency and social prices.
- ii) Small Scale Enterprises (SSE) - This is an initiative that relates to employment creation through lending to small scale enterprises.
- iii) Capital-Labor Substitution (CLS) - This is a project for evaluating the feasibility of adopting labor intensive methods in construction.
- iv) Basic Needs (BN) - This is an initiative to evaluate the nature and feasibility of the so-called 'basic needs' approach to economic development.

Depending on how much of the Panel's time is available, I do not think it would be feasible to take on more than two of these case studies,

and each case study should be undertaken by two members of the Panel. Each of these studies would require about two days of interviewing the staff members involved on either side of the research operations articulation. Brief summaries of the four possible case studies are listed.

1. Economic Analysis of Projects (EAP)

Following the publication of the Little-Mirrlees and UNIDO guides to project appraisal, the Bank was concerned that its project appraisal methods should keep up to date with these and related developments. To these ends, Mr. van der Tak undertook to draft a section for the Operational Manual while Mr. Balassa headed a research project into project appraisal methodology. Balassa's project was wound up towards the end of 1976 and while apparently this amounted to a series of unconnected research pieces on shadow pricing, van der Tak's efforts no doubt benefitted from the Balassa project.

Van der Tak's assignment of implementing EAP focussed on:

- i) shadow pricing;
- ii) social pricing based on income distribution weights.

The research proceeded in two stages. The first stage was to estimate for a selection of countries a set of shadow prices and income distribution weights. A First Report on this appeared at the end of 1975. In the second stage, these national parameters were applied at the project level, and a Second Report has been completed.

It is now being proposed that this methodology package be mandatory in the Bank and as might be expected this has raised objections from some of the operational divisions.

EAP would provide a useful case study since it is not a grass roots research effort; as it were, it has been an initiative extraneous to the operations division (or so it seems). In this context, the case study would:

- i) Record the history of EAP;
- ii) Identify the sources of friction (if any) between operations and research;
- iii) Note the nature of the interaction between research and operations;
- iv) Determine what morals can be learned from the experience regarding future research efforts.

To do this it would be necessary to interview a selection of personnel from research and operations as well as to obtain a comprehensive documentation about EAP. It might be worth sending a questionnaire to the many project and country economists who would be affected by EAP to determine their attitudes and comments in this context.

## 2. Small Scale Enterprises (SSE)

Whereas the initiative in relation to EAP stemmed from the research side, the SSE initiative has originated from the operations or policy side. A paper entitled "Employment Creation and Small Scale Enterprise Development" went before the Policy Review Committee on January 27, 1977, and the Bank has selected SSE's as one of its lending foci. No substantive research effort was presented prior to this initiative but Ian Little is now embarking on a research effort into SSE.

Therefore SSE would make an interesting case study since it has been a question of policy first, research later. The main issues here would seem to be:

- i) The origins of the SSE initiative
- ii) Did the research staff fail to meet or anticipate the operations/policy staff; and if so why?
- iii) Is the present research effort merely a consequence of a preemptive strike by the operations/policy staff?
- iv) The relationship between the SSE initiative and previous research efforts into the 'informal sector' etc.

It should be noted that the SSE initiative was closely related to the Bank's concern with urban poverty, and a recent policy paper on rural non-farm employment (April 1977) draws substantively on the SSE work. In addition, the rural non-farm employment paper reflects the Bank's concern with rural poverty. Therefore a case study of SSE could reveal insights into latitudinal relationships between the Bank's work on employment, poverty and rural and urban development.

In this case a questionnaire would not be useful. After having obtained the appropriate documentation, the Panel would interview the personnel involved.

### 3. Capital-Labor Substitution

For several years the Bank has been investigating the economic advantages of substituting labor for capital with particular reference to civil construction. Phase I of the project was completed in October 1971 and focussed mainly on the technical feasibility of factor substitution in a wide range of construction activities. Phase II was concerned with the collection of field data. The principal conclusion was that as traditionally

practiced, labor-intensive methods were inefficient relative to capital intensive methods. Phase II was completed in October 1973. Since then, Phase III of the project has been seeking to develop, demonstrate and implement appropriately improved labor-intensive technologies. This phase is still in progress and in March 1977 a seminar was held at the Bank to discuss the operational significance of the research so far achieved.

The research seems to have had a very practical orientation and there has been relatively little abstract analysis. If indeed, the Bank's research efforts are designed to be of operational significance, this could be a useful case study of whether a narrowly conceived and simple research idea can be of direct operational significance. In addition, the research seems to have been undertaken by "practical men" as opposed to theoreticians.

#### 4. Basic Needs

In 1974 the Bank published "Redistribution With Growth" (RWG) which in recent years has most probably been the main broad development philosophy in the Bank. RWG was an aggregative approach to development where growth and redistribution could be coordinated. A reflection of RWG is most probably case study 1 (EAP).

Especially since the ILO Conference of June 1, 1976, the Bank has been concerned with the so-called "Basic Needs" (BN) approach to economic and social development. Indeed, Mr. McNamara made it an important feature of his Annual Address.

While research into RWG continues (mainly in the Bank's Development Research Center), the Policy Planning and Program Review Department (PPR) has very recently been spear-heading a research effort into BN. This

effort is currently in the melting pot and BN, in general, has aroused a fair degree of controversy within the Bank (and perhaps outside too). The controversy is pitched at various levels:

- i) Is the BN approach conceptually different from RWG?
- ii) Is the BN approach appropriate for developing countries?
- iii) What sort of priority, if any, should the Bank attach to research into BN.

It may be the case that these controversies reflect different political beliefs. A case study in this context seems likely to raise a number of issues in relation to the articulation between research and operations in the Bank. However, the Panel would have to be careful not to appear as a referee between warring factions.

Once more, the case study would largely be based on a series of interviews.

## OFFICE MEMORANDUM

TO: Mr. Michael Beenstock, PPR

DATE: September 28, 1977

FROM: Alastair Stone, *A Stone* Chief, Operations Review & Support Unit, URB

SUBJECT: Research on Income Distribution and Employment

1. The following memoranda are concerned with the above subject.

- (a) Improving the Definition and Measurement of Poverty Income Levels. (Mr. Baum to Chief Economists, April 20, 1976).

This supports a methodology to define and measure absolute poverty levels based on a nutritionally adequate diet and adjusted to include non-food costs.

- (b) Updated Poverty Income Levels (Messrs. Jaycox, and Yudelman to Chief Economists, May 17, 1977).

This memorandum sets forth the results of the first round of estimates of poverty incomes based on the methodology in (a) above and presents a simplified method of estimating absolute poverty levels in the absence of requisite data.

- (c) Guidelines for Collecting and Analyzing Data for Designing, Monitoring, and Evaluating the World Bank's Small-Scale Industrial Sector Programs and Projects by Liedholm and Chuta, December 1976.

2. As my Unit has responsibility for support and review of the Urban Poverty Program within the Bank, I would be most interested in receiving the complete list of other activities in these areas when it is compiled.

SAttwood:bb

cc: Messrs: Jaycox, Dunkerley, Churchill.

OFFICE MEMORANDUM

September 23, 1977

Mr. Michael Beaton, PPI

Alaska State, Chief, Operations Review & Support Unit, WPA

Research on Income Distribution and Employment

1. The following memoranda are concerned with the above subject.

(a) Improving the Definition and Measurement of Poverty Income Levels (Mr. Baum to Chief Economist, April 30, 1976).

This supports a methodology to define and measure absolute poverty levels based on a nutritionally adequate diet and adjusted to include non-food costs.

(b) Updated Poverty Income Levels (Messrs. Javox, and Yushman to Chief Economist, May 11, 1977).

This memorandum sets forth the results of the first round of estimates of poverty income based on the methodology in (a) above and presents a simplified method of estimating absolute poverty levels in the absence of requisite data.

(c) Guidelines for Collection and Analyzing Data for Regional Monitoring, and Evaluating the World Bank's Small-Scale Industrial Sector Programs and Projects by Yushman and Chuta, December 1976.

2. As my Unit has responsibility for support and review of the Urban Poverty Program within the bank, I would be most interested in receiving the complete list of other activities in these areas when it is compiled.

BAW:scd:sp

cc: Messrs. Javox, Yushman, Chute



T  
O

Montek Ahluwalia

F  
R  
O  
M

Ewen King

RAPIDE

DATE

9/21/77

FOLD — MESSAGE

1) I notice you left Jack O'Keefe's pieces out of the bibliography of your briefing note. Intentional? Oversight? Jurisdictional? Shouldn't they be in?

2) Also a small point (footnote 1 on page 2 of the note). Do situations never occur in the DRC? Only iterations? Zeno's paradox?

3) Could I have copies of i) Ah. & Du, Pov. Alternati etc ii) Etcham, Report on an Incident Approach etc iii) Taylor & Lyzzy, Vannoy, Sharpman etc iv) Bandham, Variations in the Context etc

ORIGINATOR-DO NOT WRITE BELOW THIS LINE

REPLY TO

SIGNED

REPLY

(1) You are right. I should have cross-referenced. The point is my note is on the DRC's research.

(2) You are right again!! But at least we have been getting the dates right!

(3) These are being sent

DATE

Sept 22

Muh

SIGNED

SEND WHITE AND PINK COPIES WITH CARBONS INTACT. PINK COPY IS RETURNED WITH REPLY.

Mr. J. Blaxall, PAB

September 13, 1977

Benjamin B. King, VPD

Research Advisory Panel on Income  
Distribution and Employment (RAPIDE)

1. This external panel, which was set up in response to the E.D's. desire to have an outside look at research, is now in being and will have to be financed. My suggestion is that, in the first instance, we charge it against the Research Budget (Item 670-92: Conferences).

2. This is, of course, not strictly research; it is more like evaluation. The reason for charging it against the research budget is a pragmatic one; it appears likely that, as long as we have the expected degree of slippage, we should be able to cover it. If, however, we should find ourselves tight, I would ask that P&B be prepared to cover any excess over our budgetary allowance.

cc: Mr. Karaosmanoglu  
Mr. Vergin  
Mr. Grimes  
Mrs. Cleave  
Mr. Beenstock

BBKing:gm





*Review*  
DRAFT  
MBeenstock:tqr  
September 13, 1977

To: Messrs. Fishlow, Kuznets, Lewis Rweyemamu, Sicat, Solis  
From: Michael Beenstock  
Subject: Evolution of Income Distribution and Employment Research  
at the Bank

The research efforts with income distribution and employment in the Bank are respectively concentrated into two separate divisions, Income Distribution and Demand Studies headed by Montek Ahluwalia and Employment and Rural Development headed by Mark Leiserson. Apart from these specialized divisions, research into these subjects tends to take place on a less systematic and extensive basis in the operational divisions as part of their work on country programs and project appraisal. However, whereas the division on Income Distribution and Demand Studies has no formal commitment to service the operational divisions in the Bank, the Employment and Rural Development division is supposed to allocate a third of its time <sup>to</sup> on providing operational support to the rest of the Bank. The majority of this support has been related to employment issues on economic and sector missions with relatively little emphasis on project missions.

In view of the diffuse nature of the research outside these specialized divisions and their quantitative importance in the Bank's research efforts with income distribution and employment, the purpose of this note is to provide a brief orientation in relation to them.

Income Distribution and Demand Studies

The establishment of this division in October 1972 reflected the Bank's growing concern with the need to take account of the distribution of income in the process of economic development. More generally the division was to concern itself with whether or not development helped the poor and to consider how the poor might be more integrated into the development process. Since at the time it was considered by the management of the Bank that the general area of income distribution in developing countries was new and unexplored, the division would allocate all of its effort to research rather than to spend some of its time servicing the operational divisions as is usually the case with research divisions in the Bank.

All major research projects at the Bank have to be vetted by the Research Committee although in practice not all Bank research goes before the Research Committee. In October 1975 the division put forward a set of proposals to the Research Committee which were based on the preliminary research efforts of 1973-5. Four main areas of research were identified.

i) Income Distribution Data - In view of the dearth of data on income distribution a considerable effort has been mounted in this area. Some preliminary results were reported in S. Jain's

*See laypage on page 5  
of Ann Report (para 1.9)*

'Size Distribution of Income: Compilation of Data' (enclosed) and currently the division is engaged in studying, inter alia, a number of data <sup>sets</sup> ~~dates~~.

ii) Economy Wide Models - The objective of this research is to identify the appropriate models that determine the distribution of income within a macroeconomic setting. So far there have been studies of Korea, Malaysia and Brazil.

iii) Specific Policy Related Studies - These have been of a more microeconomic nature e.g. the distributive effects of government expenditure.

iv) Other areas - e.g. the distributive effects of crop sharing and land tenure systems.

So far most of the emphasis has been on i) and ii) and the present priorities are to complete the first stages of work in these areas. The division tends to farm out much of its research to outside consultants who are given fairly wide degrees of freedom as to how they might fulfil their terms of reference. Also much of the data research has been carried out in collaboration with ECLA and ESCAP.

#### Employment and Rural Development

In contrast the research in this division is not as programmed as in the Income Distribution division. Instead, research projects are identified sequentially on the basis of current issues and needs. There is therefore no long term research program as such.

X True of the "model" exercises. - Much less true - hardly at all in the case of ECLA - in the data research.

A further contrast is the closer relationship between outside consultants and members of the division who tend to collaborate on research projects.

The division was formally set up in July 1974 as an off-shoot of the Population and Human Resources division. Prior to this time employment research was the responsibility of the Population and Human Resources division but as the Bank became increasingly concerned first with population issues and then with employment issues it was decided to establish separate divisions for research into population and employment matters. However, the division is also responsible for research and operational assistance in rural development. The work in this area has been primarily concerned with rural poverty and low incomes in the rural sectors, and consequently falls under the <sup>rubric</sup>~~fabric~~ of income distribution and poverty.

The research on employment has been mainly concerned with the functioning of labor markets. For example, there have been studies of urban labor markets in Peru and Colombia as well as an investigation of the labor market in Malaysia. Since in developing countries the household is often both a producer and consumer the division has been engaged in a considerable research effort into the economics of rural household behavior with <sup>special</sup>~~spiral~~



reference to the allocation of labor. At present work has been started on small scale enterprises on wage-employment trends.

1 n? (1) - February 1976 a workshop on migration was commenced at the Bank including outside contributors with the purpose of identifying research projects in which the Bank might engage. However, at the present time no research is planned in this area although a volume on the proceedings of the workshop should be available shortly.

#### Other Divisions

We are currently trying to collate the research efforts in the divisions that do not necessarily specialize in research. For example the Projects Advisory Staff has been pursuing methodologies for introducing distributive weights into project appraisal and the Urban Projects Department and the Agriculture and Rural Development Department have respectively been engaged in research into aspects of urban and rural poverty and its alleviation.

In the last few months the Policy Planning and Program Review Department has been gearing up to a research program into Basic Needs which would fall under the <sup>rubric</sup> ~~fabrie~~ of income distribution (see enclosures), and various regional divisions have also engaged in research into poverty, employment and related issues. In addition the Economic Analysis and Projections Department has been constructing econometric models for various countries. In certain cases these models have incorporated employment sectors.

*also inc. distr.*  
What is that?

Note

The sample of papers that has been enclosed does not necessarily reflect the efforts in terms of time and resources of the respective divisions in the various subject matters. This is particularly true of the output from the Employment and Rural Development Division.

cc: Messrs. B. King, Leiserson, Ahluwalia

ROUTING SLIP		DATE: 9/9/77
NAME		ROOM NO.
M. Beenstock		
A. Fishlow F. Stone		
J. Duloy M. Ahluwalia		
M. Leiserson		
<input type="checkbox"/>	APPROPRIATE DISPOSITION	NOTE AND RETURN
<input type="checkbox"/>	APPROVAL	NOTE AND SEND ON
<input type="checkbox"/>	CLEARANCE	PER OUR CONVERSATION
<input type="checkbox"/>	COMMENT	PER YOUR REQUEST
<input type="checkbox"/>	FOR ACTION	PREPARE REPLY
<input checked="" type="checkbox"/>	INFORMATION	RECOMMENDATION
<input type="checkbox"/>	INITIAL	SIGNATURE
<input type="checkbox"/>	NOTE AND FILE	URGENT
REMARKS:		
FROM:	ROOM NO.:	EXTENSION:
B. B. King	F1233	6001

MULLOOR, TRIVANDRUM-695011  
KERALA STATE

August 19, 1977.

ROUTING SLIP

Date  
Sept. 8, 1977

OFFICE OF THE PRESIDENT

Name	Room No.
Mr. Karasmanoglu	
B. B. King	

XX	To Handle	Note and File
	Appropriate Disposition	Note and Return
	Approval	Prepare Reply
	Comment	Per Our Conversation
	Full Report	Recommendation
	Information	Signature
	Initial	Send On

Remarks

*Please make Xerox in Beer hall, Fishbar, Dubs, Akhouchi, Kuzum.*

*Sven Burmester*

*F. Stone*

From

indeed for your letter  
ation to me. I feel honoured  
a member of the panel.

I recently accepted an  
ifficult for me to get away  
December. Though the proposed  
themselves short the reading  
quire considerable time to  
I fear I shall not be able to  
nt if I were to accept it.

As I hope you will forgive me  
itively.

Yours sincerely,

*K.N. Raj*

( K.N. Raj )

## CENTRE FOR DEVELOPMENT STUDIES

ULLOOR, TRIVANDRUM-695011  
KERALA STATE

K.N.Raj

August 19, 1977.

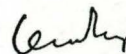
Dear Mr. McNamara,

Thank you very much indeed for your letter of August 11 and your invitation to me. I feel honoured that you should ask me to be a member of the panel.

Unfortunately I have recently accepted an assignment which makes it difficult for me to get away from here before the end of December. Though the proposed meetings in Washington are themselves short the reading material will, I presume, require considerable time to go through and digest. So I fear I shall not be able to do justice to this assignment if I were to accept it.

In the circumstances I hope you will forgive me for not responding more positively.

Yours sincerely,



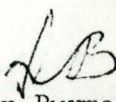
( K.N. Raj )

FORM No. 89  
(2.66)

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL FINANCE  
CORPORATION

ROUTING SLIP		Date
		Sept. 6, 1977
Name		Room No.
Mr. Karaoşmanoglu		
<del>Mr. King (C.B.)</del>		
Mr. Beustock		
(For RAPIDE file)		
XX	To Handle	Note and File
	Appropriate Disposition	Note and Return
	Approval	Prepare Reply
	Comment	Per Our Conversation
	Full Report	Recommendation
	Information	Signature
	Initial	Send On
Remarks		
 Sven Burmester		
From		

THE UNITED REPUBLIC OF TANZANIA

Telegrams: "CABINET", DAR ES SALAAM.

Telephone: 23261-23266.

In reply please quote:

Ref. No. SHC/B.10/6/17

PRESIDENT'S OFFICE,  
THE STATE HOUSE,  
P.O. Box 9120,  
DAR ES SALAAM.

25th August, 1977

Mr. Robert McNamara,  
President,  
International Bank for  
Reconstruction and Development,  
WASHINGTON, D.C.  
20433, U. S. A.

Dear Mr. McNamara,

PANEL ON RESEARCH  
INTO INCOME DISTRIBUTION AND EMPLOYMENT

I refer to your letter of 11th August, 1977 addressed to President Nyerere.

2. I am writing to inform you that President Nyerere has agreed to release Professor J. F. Rweyemamu to serve on the panel.

3. Any future correspondence on the subject should be addressed directly to Professor Rweyemamu.

Yours Sincerely,



(T. Apiyo)

PRINCIPAL SECRETARY TO THE PRESIDENT

Messrs. M. Ahluwalia and M. Leiserson

September 2, 1977

Benjamin B. King

RAPIDE

I failed to say in my last memo that Michael Beenstock is now installed as coordinator (or whatever) of RAPIDE. Please contact him (Ext. 4543) about any arrangements you wish to make and keep him informed (copies of papers, etc.).

cc: Messrs. Chenery (o/r)  
Karasomanoglu  
Duloy  
Stoutjesdijk  
Waide  
Grimes  
Ms. Mitchell (o/r)

BBKing:tqr



Rapide

## OFFICE MEMORANDUM

TO: Mr. Michael Beenstock, PPR

DATE: August 17, 1977

FROM: Shahid Javed Burki, Chief, Policy Planning Division

27

SUBJECT: Panel on Research on Income Distribution and Employment

<sup>panel</sup> On your return from your annual leave, you will work part-time with the Research on Income Distribution and Employment. This assignment will be for a period of three months and will require an input of about 50% of your time during this period. Professor Fishlow, the Chairman of the Panel, will probably be in Washington on August 31 and will discuss with you then how he intends to proceed.

Cleared with and cc: Mr. B.B. King ✓

cc: Mr. Haq (o/r)

August 11, 1977

Dear Professor Raj:

As you may be aware, the Bank has over the last five years carried on a program of economic research on a substantially larger scale than hitherto. Although we regularly review within the Bank individual research projects as they are completed, this appears to be a good time to seek external advice on our progress to date and on future directions. Accordingly, I am initiating a series of panels on groups of related research projects. The first such panel will be on research into income distribution and employment. Professor Albert Fishlow, who is currently Professor of Economics at Berkeley, has agreed to act as chairman of the panel. I would much appreciate it, if you could spare the time to serve as a member of the panel.

The precise way in which the panel conducts its business will, of course, be up to its members. However, I would expect that there would be two meetings in Washington, one in September/October 1977 and one near the end of the year. It is hoped that the duration of these meetings could be kept down by supplying reading material beforehand and that they would not exceed three days each on average. The Bank would, of course, make travel arrangements as needed and pay for all travel expenses, together with an honorarium.

Professor Fishlow will also be writing to you, explaining in more detail how he hopes to proceed.

Sincerely,

Robert S. McNamara

Professor K. N. Raj  
Centre for Development Studies  
Aakulam Road  
Ulloor, Trivandrum 695011  
India

BBKing:gm  
cc: for Mr. McNamara's Office (2)  
Messrs. Waide/Alisbah  
Kraske (New Delhi Office)

August 10, 1977

August 11, 1977

Dear Mr. President:

As you may be aware, the Bank has over the last five years carried on a program of economic research on a substantially larger scale than hitherto. Although we regularly review within the Bank individual research projects as they are completed, this appears to be a good time to seek external advice on our progress to date and on future directions. Accordingly, I am initiating a series of panels on groups of related research projects. The first such panel will be on research into income distribution and employment. Professor Albert Fishlow, who is currently Professor of Economics at Berkeley, has agreed to act as chairman of the panel. I would much appreciate it, if you could release Mr. J. Rweyemamu to serve as a member of the panel.

The precise way in which the panel conducts its business will, of course, be up to its members. However, I would expect that there would be two meetings in Washington, one in September/October 1977 and one near the end of the year. It is hoped that the duration of these meetings could be kept down by supplying reading material beforehand and that they would not exceed three days each on average. The Bank would, of course, make travel arrangements as needed and pay for all travel expenses, together with an honorarium.

Professor Fishlow will also be writing to Mr. Rweyemamu, explaining in more detail how he hopes to proceed.

Sincerely,

Robert S. McNamara

His Excellency  
President Julius K. Nyerere  
State House  
P.O. Box 9120  
Dar es Salaam, Tanzania

BBKing:gm

cc: for Mr. McNamara's Office (2)  
Messrs. Please/J. Adams  
Lyle Hansen (World Bank Office, Dar es Salaam)  
Professor Fishlow

August 10, 1977

*Rapide*

## OFFICE MEMORANDUM

TO: Mr. B. King, VPD

DATE: August 9, 1977

FROM: I.M.D. Little, ECDDR

*Imz.*SUBJECT: Review Panel on Research on Income Distribution and Employment

A thought occurs to me in the light of Mr. McNamara's note to Mr. Chenery concerning the establishment of a panel to review the entire research program. If this latter panel is to be constituted, it seems that you may have pre-empted several names for the more restricted panel, who might be more appropriate as members of the grander panel. This would seem to apply particularly to Raj, Sicat, Lewis, and perhaps Rweyemamu. I mention these particularly because, quite apart from their distinction, they have not been especially interested in income distribution. One can at the same time think of others such as Sen and Atkinson who have been especially concerned. But, of course, these latter may well have refused for all I know.

cc: Messrs. Chenery  
Karaosmanoglu  
Avramovic  
Duloy  
Ahluwalia  
Leiserson

IMDL:ao

Aug 6 77

FAVILLA

Kapide

INCOMING TELELEX From Bogota

Mr. Ben King

sd

Distributions:

Mr. Favilla

552 MINISTER URRUTIA SAYS HE WOULD HAVE LIKED VERY MUCH TO HAVE SERVED IN THE PANNEL BUT THAT HIS PRESENT JOB WILL NOT PERMIT HIM TO SDO SO. REGARDS,

MARTINEZ

RECEIVED

LAC II - 2B

AUG 8 1977

dyb - 10:30

Miguel M. Urrutia is currently Minister of Mines and Energy in Colombia. After receiving his Ph.D. from the University of California (Berkeley) on the history of the labor market in Colombia, he pursued an academic career, becoming Director of Centro d'Estudios sobre Desarrollo Economico at the University of the Andes. During the early 1970s he served as Vice Minister of Finance, as Technical Vice President of the Central Bank, and as the Central Bank's Representative in Paris. On his return from Paris in 1975 he became Director of the Department of National Planning. He has continued to pursue academic interests during his public career and is one of Colombia's most prolific writers on economic issues. He is co-author, with Albert Berry, of a recent book on income distribution in Colombia.

OFFICE MEMORANDUM

*JR to D. Chenery*  
*I understand you were establishing a panel to review the*

DATE: August 5, 1977

TO: Mr. Robert S. McNamara  
(through Mr. A. Karaosmanoglu) *AK*  
FROM: Benjamin B. King *BBK*  
SUBJECT: Review Panel on Research on Income Distribution and Employment

*entire Research Program. Please discuss with me your views on such an action as soon*

1. We would now like to proceed with invitations to become members of this panel. A list prepared in consultation with Professor Fishlow, the chairman, is attached together with short curricula vitae, except for Professors Lewis and Kuznets who need no introduction (Attachment 1).

*as you return. I see nothing the creation of*

2. If you approve, we will have letters of invitation prepared for your signature. A draft letter is attached (Attachment 2) together with a draft letter from Professor Fishlow (Attachment 3) which would be sent at about the same time. He would sound out Professors Lewis and Kuznets before any letters are sent.

*the panel on "Income" does not prejudicial the*

3. Several Executive Directors, who were consulted on the membership of the panel, were evidently surprised at the absence of an outside panel to review all research, particularly with a view to determining the proper level of expenditure for research. Mr. Grimes' memo of July 22 (Attachment 4) elaborates on this feeling. The transcript of the meeting on the Annual Report on Research includes suggestions to this effect by Sen and Janssen, but no agreement on your part to set up such a panel. In fact, it was always our idea that it would be very difficult to assemble a panel with the time and competence to undertake such a task without the prior completion of several more limited reviews on particular subjects.

*I am recall under panel, I concern in the distribution*

4. You did, however, suggest that there be a "total reexamination" within the next 12 months. So far, no such reexamination has been undertaken. I have spoken to Hollis about this; he intends to make proposals when he returns from leave in September.

*of the proposed letters; Encl*

Attachments

cc: Messrs. Chenery (o/r)  
Karaosmanoglu  
Avramovic  
Duloy  
Ahluwalia  
Leiserson

RAPIDE

NAQVI, Dr Khaleeq Ahmed, Prof of Econ Policy, Delhi School of Econ, since July 67; b 15 May 26, at Bareilly (U.P.); s of Amir Ahmed & Fatima; m. Zubaida; two s, one d; Ed: M.A., Ph.D., Lucknow; Lecturer, Agra Univ, 49-54, Aligarh Univ, 54-59, Reader, Delhi School of Econ, 59-67; hcn econ Adviser, Govt of U.P., 60; Ind representative on UN Comm for Social Development, 69-75; mem, Board of UN Research Inst for Social Development, Geneva; Off Address: Delhi School of Econ, Delhi-110007; T: off 223387, 228930; res 224694.

NARAIN, Dr Dharm, Chmn, Agricultural Prices Comm, GOI;—See under Agriculture (Social Sciences & Law).

\*NATARAJAN, Dr B., Executive Chmn, Inst for Techno Econ Studies, Madras; b 13 May, '10, at Asramam (Kanyakumari Dist, Tamil Nadu); s of S. Balesubramaniam Pillai & Thayammal; m. Jayammal; one s; Ed: M.A., D.Litt, Diploma in Statistics, Diploma in Land Tenure; Lecturer & research scholar, Madras Univ, 31-41, joined staff of Sir Theodore Gregory, Econ Adviser to GOI, 42, Dep Dir of Co-ordination, Min of Supplies, GOI, Econ Adviser to Tamil Nadu Govt, 48-53, Dir of Research, Khadi Comm, Bombay, Development Commissioner, Andhra Pradesh Govt, 53-55, founded Hindu College in Nagercoil & its Principal & Prof of Econ, 55-57, Senior Dir, National Council of Applied Econ Research, 57-61 UN Planning Adviser to UAR Govt, 61-62, mem, Nil Nadu Assembly, 62-67, Dep Dir-Gen, National Council of Applied Econ Research, 67-70; Dir, Ind Bank, Madras; mem: Tamil Nadu Planning Comm, National Co-operative Development Corporation; Address: 42-A/1, Harrington Rd, Chetput, Madras-600031; T: off 812146; res 665098.

PARANJAPE, Dr Hari Krishna, Mem, Monopolies & Restrictive Trade Practices Comm, since 70; b 16 June 24, at Poona (Maharashtra); s of Krishnaji Ganesh & Laxmi; m. Manak; one s, one d; Ed: M.A., 47, Ph.D., 54; Reader & later Prof of Economic Policy & Administration, Ind Inst of Public Administration, 58-70, Lecturer & later Prof of Econ, Elphinstone College, Bombay, 47-54, at Sydenham College, Bombay, 56-58; was mem, industrial licensing policy inquiry cttee, 67-69; Off Address: Travancore House, Kasturba Gandhi Marg, New Delhi-110061; res: 15, (A.B), Pandara Rd, New Delhi 110003; P. Address: 3, Senali, Prabhat Rd, Lane Six, Poona-411004; T: off 385976.

\*PATEL, Dr Indraprasad Gordhanbhai, Dep Administrator, UN Development Programme, New York, since 72; b 11 Nov 24; s of Gordhanbhai T. & Kashiben; m. Alaknanda; one d; Ed: B.A. Ph.D.; Prof of Econ, M.S. Univ, Baroda, 49-50, Economist & Asst Chief, Financial Problems & Policies Division, International Monetary Fund, 50-54, Dep Econ Adviser, Min of Finance, GOI, 54-58, Alternate Executive Dir for India, International Monetary Fund, 58-61, Chief Econ Adviser, Min of Finance, GOI, 61-63, Econ Adviser, Planning Comm, 61-63, Visiting Prof, Delhi School of Econ, 64, Chief Econ Adviser, Min of Finance, GOI, 65-67, Special Sec & Sec, Dept of Econ Affairs, Min of Finance, 68-72; mem, Atomic Energy Comm, 68-72.

PRASAD, Panday Sundara Narayan, Executive Dir, International Monetary Fund, Washington, since 71; b 24 Sept 10, at Yellamanchili (Andhra Pradesh); m. Ramratan Bai; Ed: M.A., 34, Banaras; Lecturer, Andhra Univ, 34-36, Prof of Econ, Wadia College, Poona & Hislop College, Nagpur, 37-40, Prof & Head of Econ Dept, Maharaja's College, Jaipur, 40-45, Dir of Monetary Research, Reserve Bank of India, 46-48, of Balance of Payments Division, 49-51, Econ Adviser, 51-53, Executive Dir for India on International Monetary Fund, 53-57, Asst Dir, Econ Staff, International Bank, 57-60, pres, Soc for International Development, Washington, 60-61, Econ Adviser to Nigerian Prime Min, 60-63, chmn of Jt Planning Cttee of Nigeria & Niger Dams Project Cttee of Nigeria, 60-63, Dir, UN Asian Inst for Econ Development & Planning, Bangkok, 63-71; awd: D.Litt (honoris causa), by Andhra Univ, 68; Off Address: Executive Dir, IMF, 19th & HSTS, NW, Washington D.C.; P. Address: 42, Pitakande Kandy, Srilanka.

RAJ, Dr Kakkadan Nandanath, Fellow, Centre for Development Studies, Trivandrum, since 73; b 13 May 24, at Trichur (Kerala); s of K.N. Gopalan & Karunayini; m. Sarasamma; two s; Ed: M.A., Madras, Ph.D. (Econ), London; Research Officer, Balance of Payments Division, Dept of Research, Reserve Bank of India, 48-50, Asst Chief, Econ Division, Planning Comm, 50-53, Prof of Econ, Delhi School of Econ, 53-73, Vice-Chancellor, Delhi Univ, 69-70, UGC National Fellow in Econ, 71-73; Off Address: Centre for Development Studies, Ulloor, Trivandrum-695011; res: "Nandavan", Dalavakunnu, Kumarpura, Trivandrum-11; T: off 8412; res 62409.

SARVESWARA RAO, Dr Bhavaraju, Prof of Econ, Andhra Univ; b 4 Nov 15, at Peddapuram (Andhra Pradesh); s of Parabrahmamurty & Lakshmi; m. Venkataratnam; four s, four d; Ed: M.A., Ph.D.; Prof & Head of Dept of Econ, Andhra Univ, 58-75, Senior Economist, UN Inst of Econ & Social Development, Bangkok, 64, Econ Adviser, Govt of Nigeria, Nigeria, 64-66, Principal, Univ Arts College, Waltair, 66-69; hcn Dir, Agro Econ Research Centre, Andhra Univ, since 68; mem: Ind Econ Assn, Ind Soc of Agricultural Econs, Ind Statistical Soc, Ind Econometric Soc; Off Address: Econ Dept, Andhra Univ, Waltair; res: Vidyanagar, Visakhapatnam-530003; T: off 4871, ext 212; res 5014.

SEN, Dr Amartya Kumar, Prof of Econ, London School of Econ, since 71; b 3 Nov 33, at Santiniketan (W Bengal); s of Ashutosh & Amiya; Ed: B.A. (Hons), 53, Calcutta, Ph.D., 59, Cambridge; Prof of Econ, Jadavpur Univ, 56-57, Fellow, Trinity College, Cambridge, 57-63, Prof of Econ, Delhi School of Econ, 63-71; hon Dir of Agricultural Econ Research Centre, Delhi Univ, 65-68, 69-71, Head of Econ Dept, Delhi Univ, 66-68, visiting Prof, M.I.T., 60-61, Univ of California, Berkeley, 64-65, Harvard Univ, 68-69; awd, Adam Smith Prize, Cambridge, 54, Stevensen Prize, 56; Fellow, Econometric Soc; publs: *Choice of Techniques; Growth Economics; Collective Choice and Social Welfare; On Economic Inequality; Employment, Technology and Development*; Address: London School of Econ, London W.C. 2.



K. N. Kay

Centre for Development Studies, Trivandrum

Reserve Bank of India 48/50

Planning Commission 50/53

Prof. of Economics 53/73, Delhi School of Economics

Vice-Chancellor Delhi Univ. 69/70.

Poverty, Unemployment & Dev. Policy; a case study of  
selected issues with reference to Kerala (UN 1975)

Travel Arrangements



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 28 March, 1978	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Beenstock				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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><b>Withdrawn by</b> Tonya Ceesay</td><td><b>Date</b> April 8, 2019</td></tr></table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			

Roko

Mrs. Beenstock

560-1860

2-411

Called ~~to~~  
7/17/78  
5 PM

INCOMING TELETYPE

sd

JULY 17 1978  
IBRD B PARIS  
1707 A. COLE

RECEIVED  
JUL 17 AM 10:12  
COMMUNICATIONS DIVISION

(new building)

Distribution: Mr. Cole

Mr. Beenstock's ofc.  
D441

Mr. Golladay's ofc. E1005

Mr. A. Williams's ofc. D946

Mr. Davies's ofc. F312

MISSION ARRIVES WASHINGTON JULY 18 AT 15:30 ON TW891.  
PLS INFORM MY CHILDREN AND FAMILIES BANK STAFF MEMBERS  
BEENSTOCK (DPS), GOLLADAY (PAS), WILLIAMS (POP).

REGARDS

DAVIES

EG

☉☉

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Mrs. B

560-1860

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INTBAFRAD WASHINGTON DC

INTBAFRAD BAMAKO 1978 JUL -3 AM 11: 48

3/7/78

COMMUNICATIONS DIVISION

MISC/WA/82

Distribution: Mr. Burki

FOR S.J. BURKI

MESSAGE FOR MY WIFE: WAITED FOR ONLY FOR YOUR CALL WHICH NEVER  
ARRIVED. WILL TELEX AGAIN IF I CAN FIX ANOTHER TIME. MISS  
YOU AND THE KIDS GREATLY. ALL MY LOVE. MIKE.

MICHAEL BEENSTOCK

INCOMING TELEX  
RECEIVED

sd

Distributions:

Mr. Burki Didi

PPD

17 JUN 30 11 15 AM

COMMUNICATIONS DIVISION

222-83

Called her  
6/30/78

INTBAFRED WASHINGTON DC

INTBAFRAD BAMAKO

30/6/78

MISC/WA/80

TO S.J. BURKI

PHONE MY WIFE 560 - 1860 AND TELL HER TO PHONE ME AT THE BANKS BAMAKO  
OFFICE AT 7.30 AM WASHINGTON TIME ON SATURDAY JULY 1ST9 GIVE HER THE  
BAMAKO NUMBER AND HAVE HER BOOK THE CALL IN ADVANCE. ALL IS WELL.

MICHAELS

EENSTOCK



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 17 April, 1978	<b>Document Type</b> Statement of Expense			
<b>Correspondents / Participants</b> Michael Beenstock				
<b>Subject / Title</b> Statement of Expense				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			

Mr. Ahluwalia

October 26, 1977

Michael Beenstock

Brief for ECLA and Malaysia Visits (RAPIDE)

You agreed to send me separate dosiers for Mr. Sicat (Malaysia visit) and Mr. Solis (ECLA visit) and that I would have them by last Friday. I tried to contact you by phone last week but you did not reply. In view of Messrs. Solis and Sicat's plans to make their visits in the very near future I look forward to your cooperation as soon as possible.



Travel Office

October 3, 1977

Michael Beenstock, EPRPP

Consultants' Travel

Further to travel requests sent you on September 26, 1977 for Arthur Lewis, Simon Kuznets and Leopoldo Solis, please reserve accommodations for them at the Park Central Hotel instead of the DuPont Plaza Hotel as was originally requested. Arthur Lewis informs me that he already made his own arrangements at the Park Central Hotel.

:gm

Rweyemann Travel 2770 Oct 8-14 5540  
Fee 140/day 20 days 2800

Sicat Travel 2670 Oct 8-14 5390  
Fee 140/day 2800

Solis Travel Oct 9-12 530 1060  
Fee 175/day 9-130d 5 days = \$875 350

---

11080

Rapids \$

Fishlow Travel 177 ~~+ air fare from S.F~~  
400 air F.

Oct 9-12 577

Sep 7-10 549

fee Days 7 up to 10 Oct.  
② \$200? 20

Kuznets Travel Oct 9-12 - \$296 600  
fee 200/day 4000

Lewis Travel \$233 Oct 9-12 500  
fee 200/day 4 days Sep 25-28 4000

14776  
reverse // 1080  
25856

plus travel malaysia  
chile

Class of Service: **TELEX** Date: **DEC. 5, 1977**  
Telex No.: **41273** Originators Ext: **2055**

12

10

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TO

**INTBAFRAD**

CITY/COUNTRY

**DAR-ES-SALAAM, TANZANIA**

MESSAGE  
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**REUR 1007 PER BEENSTOCK AUTHORIZATION FOR RWEYEMAMU REVISED TO  
UPGRADE TO FIRST CLASS DAR-WAS-DAR FCU 2366.00 REGARDS MESSERLY**

END  
OF  
TEXT

**NOT TO BE TRANSMITTED**

SUBJECT: **RWEYEMAMU 73857**  
CLEARANCES AND COPY DISTRIBUTION:  
**cc: Mr. M. Beenstock (D441)**

DRAFTED BY: **JDESAI:cm**  
AUTHORIZED BY (Name and Signature): **RAYMOND B. MESSERLY**  
DEPARTMENT: **ADM. SVS. - TRAVEL & SHIPPING**  
SECTION BELOW FOR USE OF CABLE SECTION  
CHECKED FOR DISPATCH

**WORLD BANK GROUP**  
**REQUEST FOR DINING ROOM RESERVATION**  
*See reverse side for instructions. This form must be submitted in DUPLICATE.*

TO: Executive Dining Room Manager

I request a reservation in the Executive Dining Room on Tuesday Dec. 13, 1977 for the  
(Day) (Date)

following 9 people, of which (a) all LUNCHEON EVENING FUNCTION will be Official Charges  
(No.) (No.) (No.)  
 (b) \_\_\_\_\_ will be Staff Hospitality Charges  
 (c) \_\_\_\_\_ will be Personal Charges to Host  
 (d) \_\_\_\_\_ will be Personal Charges to Individual

Name	Title	Organization	Charges (check one)			
			Official	Hospitality	Host	Individual
Host:						
Hollis B. Chenery	VP, Development Pol.	IBRD	x			
Other Bank Group Staff:	Staff					
B.B. King		IBRD	X			
M. Beenstock		IBRD	X			
Others:						
A. Fishlow	Consultant (RAPIDE), Chairman of Panel		X			
G. Sicat	"		X			
L. Solis	"		X			
J. Rweyemamu	"		X			
A. Lewis	"		X			
S. Kuznets	"		X			

Signature of Host: 1. Beenstock Department to be charged for Official/Staff Hospitality: \_\_\_\_\_ Date: 12/7/77  
 670-92

**OPERATIONAL  
TRAVEL REQUEST**

Charge to				
Dept. Code	Div. Code	Type	FY	
I 670	92	CA	78	

Mo.	Day	Yr.	Travel Request No.			
12	12	77	T			

Check if: Spouse Travel  Travel undertaken on behalf of UNDP\*  Type of Action: (check one) Request  Change  Cancellation

Name: **Leopoldo SOLIS** Staff No. **OCONS** Department or Office and Division of Traveler **PPR** Room No. **D441** Extension **74543**

Title: **Consultant, RAPIDE** Estimated Cost of Trip US \$  
 Air Fare: **A 330** Expenses: **B 200** Duration: **3 days**

Activity Code	Operation Identification	Days	Purpose of Trip (enumerate by City, purposes for each stop listed as Official)
CNF	1 U S A	3	Meetings of Rapide Group ( December 13-15)

I intend to take leave during this trip as follows:  
(A Leave Request has been submitted to cover the period involved.)

City	Date	Trav.** Office Code	Mode and Class of Travel	Hotels	Duration of Stay			
					Official	Auth. S/Os.	Personal	TOTAL
Mexico	Lv. 12/12/77		air					
Washington, D.C.	Ar. 12/12/77			Park Central	3	(already cancelled)		3
	Lv. 12/15/77							
Mexico	Ar. 12/15/77							
	Lv.		air					
	Ar.							
	Lv.							
	Ar.							
	Lv.							
	Ar.							
	Lv.							
	Ar.							
	Lv.							
	Ar.							
	Lv.							
	Ar.							
	Lv.							
	Ar.							

Visas Required		Travel Advance	
1. _____	3. _____	(a) Required for Hotel, Subsistence and Other Allowable Expenses	\$ _____
2. _____	4. _____	(b) Excess Baggage	\$* _____
CONTROLLER'S DEPARTMENT USE		Kilos _____ One Way <input type="checkbox"/> Round Trip <input type="checkbox"/>	\$* _____
Spouse Credits: _____ as at _____		TOTAL	\$* _____
Charge _____		Authorized by Travel & Shipping Div. _____	
Charge _____		Authorized by Other (specify) _____	
Signature of Traveller _____		Advance received from _____ for an amount of \$ _____ on _____ Signature _____	
Signature of Approval (Staff member's dept.) <i>H. Beutler</i>		Ticket issued by _____ Ex-Bag. MCO issued by _____	
Signature of Approval (Dept. being charged) _____		*To be completed by Travel & Shipping Div.	
Signature, Travel & Shipping Div. _____			

Remarks: **Please cancel flights and hotel reservations.**



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Arthur Lewis				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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><b>Withdrawn by</b> Tonya Ceesay</td><td><b>Date</b> April 8, 2019</td></tr></table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			



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<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> J. Rweyemamu				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Gerardo Sicat				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> A. Fishlow				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 12 December, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Leopoldo Solis				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			



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<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Simon Kuznets				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			

Prof. Albert Fishlow

Thursday, November 17

2:30 p.m. Mr. Avramovic (K 4000 x 61001)

3:30 Mr. Karaosmanoglu (E 1243 x 75451)

Friday, November 18

9:00 a.m. Mr. Lerdau (A 837 x 72333)

10:00 Mr. Turnham (D 839 x 74685)

11:00 Mr. Balassa (K 3411 x 61998)

3:00 p.m. Mr. van der Tak (E1023 x 74685)

C-602K Young -  
Business

12:00 Ben King

4 pm Ben King

8:30

Mr King

12:00  
or  
2:00

M2/29502 e

12.

Oct. 4 77

INCOMING TELEX From Dar Es Salaam

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Distributions:

Mr. Beenstock D441

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RECORDS AND  
COMMUNICATIONS

815. FOR BEENSTOCK.

DR. JUSTINIAN RWEYEMAMU HAS NOT RECEIVED HIS TRAVEL AUTHORIZATION  
OR TICKETS TO PROCEED TO WASHINGTON FOR BANK MEETING TO REVIEW  
RESEARCH IN INCOME DISTRIBUTION. HE PLANS TO DEPART DAR OCTOBER 8.  
DO YOU WANT THIS OFFICE TO ISSUE AIR TICKET TO HIM? IF SO TELEX  
AUTHORITY TO US.

REGARDS HANSEN

Travel Office

October 3, 1977

Michael Beenstock, EPRPP

Consultants' Travel

Further to travel requests sent you on September 26, 1977 for Arthur Lewis, Simon Kuznets and Leopoldo Solis, please reserve accommodations for them at the Park Central Hotel instead of the DuPont Plaza Hotel as was originally requested. Arthur Lewis informs me that he already made his own arrangements at the Park Central Hotel.

:gm



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 03 October, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> J. Rweyemamu				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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><b>Withdrawn by</b> Tonya Ceesay</td><td><b>Date</b> April 8, 2019</td></tr></table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			





# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 16 November, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Leopoldo Solis				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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><b>Withdrawn by</b> Tonya Ceesay</td><td><b>Date</b> April 8, 2019</td></tr></table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 09 October, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> A. Fishlow				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 26 September, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Simon Kuznets				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			



# Record Removal Notice

<b>File Title</b> General Research Advisory Panel Income Distribution and Employment (RAPIDE) - v.3		<b>Barcode No.</b>  1546811		
<b>Document Date</b> 26 September, 1977	<b>Document Type</b> Operational Travel Request			
<b>Correspondents / Participants</b> Arthur Lewis				
<b>Subject / Title</b> Operational Travel Request				
<b>Exception(s)</b> Personal Information Corporate Administrative Matters				
<b>Additional Comments</b>		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.		
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<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> April 8, 2019			

# Rapid file (Dand type)

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 Churchill/Stone Urb

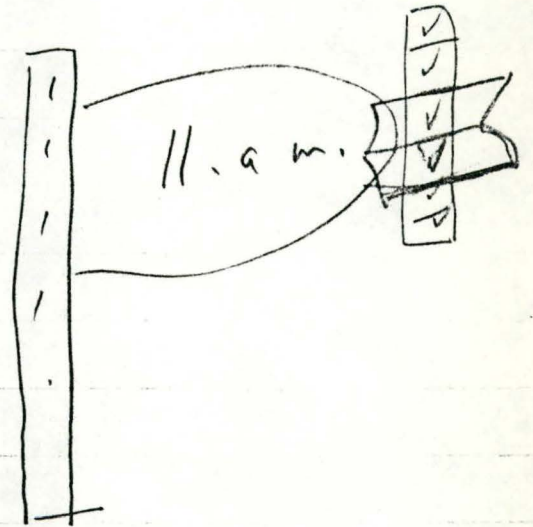
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## OFFICE MEMORANDUM

TO: Messrs. A. Fishlow, S. Kuznets, A. Lewis,  
J. Rweyemamu, G. Sicat, L. Solis

DATE: September 14, 1977

FROM: Michael Beenstock

SUBJECT: Evolution of Income Distribution and  
Employment Research at the Bank

1. The research efforts into income distribution and employment in the Bank are respectively concentrated into two separate divisions, Income Distribution and Demand Studies headed by Montek Ahluwalia and Employment and Rural Development headed by Mark Leiserson. Apart from these specialized divisions, research into these subjects tends to take place on a less systematic and extensive basis in the operational divisions as part of their work on country programs and project appraisal. However, whereas the division on Income Distribution and Demand Studies has no formal commitment to service the operational divisions in the Bank, the Employment and Rural Development division is supposed to allocate a third of its time to providing operational support to the rest of the Bank. The majority of this support has been related to employment issues on economic and sector missions with relatively little emphasis on project missions.

2. In view of the diffuse nature of the research outside these specialized divisions and their importance in the Bank's research efforts into income distribution and employment, the purpose of this note is to provide a brief orientation about them.

Income Distribution and Demand Studies

3. The establishment of this division in October 1972 reflected the Bank's growing concern with the need to take account of the distribution of income in the process of economic development. More generally the division was to concern itself with whether or not development helped the poor and to consider how the poor might be more integrated into the development process. Since at the time it was considered by the management of the Bank that the general area of income distribution in developing countries was new and unexplored, the division was to allocate all of its effort to research rather than to spend some of its time servicing the operational divisions as is usually the case with research divisions in the Bank.

4. All major research projects at the Bank have to be vetted by the Research Committee although in practice not all Bank research goes before the Research Committee. In October 1975 the division put forward a set of proposals to the Research Committee which were based on the preliminary research efforts of 1973-75. Four main areas of research were identified.

i) Income Distribution Data - In view of the dearth of data on income distribution a considerable effort has been mounted in this area. Some preliminary results were reported in S. Jain's 'Size Distribution of Income: Compilation of Data' (enclosed) and currently the division is engaged in studying, inter alia, a number of data tapes.

ii) Economy Wide Models - The objective of this research is to identify the appropriate models that determine the distribution of income within a macroeconomic setting. So far there have been studies of Korea, Malaysia and Brazil.

iii) Specific Policy Related Studies - These have been of a more microeconomic nature, e.g., the distributive effects of government expenditure.

iv) Other areas - e.g., the distributive effects of crop sharing and land tenure systems.

5. So far most of the emphasis has been on i) and ii) and the present priorities are to complete the first stages of work in these areas. The division tends to farm out much of its research to outside consultants who are given fairly wide degrees of freedom as to how they might fulfil their terms of reference. Also much of the data research has been carried out in collaboration with ECLA and ESCAP.

#### Employment and Rural Development

6. In contrast the research in this division is not as programmed as in the Income Distribution division. Instead, research projects are identified sequentially on the basis of current issues and needs. There is therefore no long term research program as such. A further contrast is the closer relationship between outside consultants and members of the division who tend to collaborate on research projects.



7. The division was formally set up in July 1974 as an off-shoot of the Population and Human Resources division. Prior to this time employment research was the responsibility of the Population and Human Resources division but as the Bank became increasingly concerned first with population issues and then with employment issues it was decided to establish separate divisions for research into population and employment matters. However, the division is also responsible for research and operational assistance in rural development. The work in this area has been primarily concerned with rural poverty and low incomes in the rural sectors, and consequently falls under the rubric of income distribution and poverty.

8. The research on employment has been mainly concerned with the functioning of labor markets. For example, there have been studies of urban labor markets in Peru and Colombia as well as an investigation of the labor market in Malaysia. Since in developing countries the household is often both a producer and consumer the division has been engaged in a considerable research effort into the economics of rural household behavior with special reference to the allocation of labor. At present work has been started on small scale enterprises and wage-employment trends.

9. In February 1976 a workshop on migration was convened at the Bank including outside contributors with the purpose of identifying research projects in which the Bank might engage. However, at the present time no research is planned in this area although a volume on the proceedings of the workshop should be available shortly (papers enclosed).

#### Other Divisions

10. We are currently trying to collate the research efforts in the divisions that do not necessarily specialize in research. For example, the Projects Advisory Staff has been pursuing methodologies for introducing distributive weights into project appraisal and the Urban Projects Department and the Agriculture and Rural Development Department have respectively been engaged in research into aspects of urban and rural poverty and its alleviation.

11. In the last few months the Policy Planning and Program Review Department has been gearing up to a research program into Basic Needs which would fall under the rubric of income distribution (see enclosures), and various regional divisions have also engaged in research into poverty, employ-

ment and related issues. In addition, the Economic Analysis and Projections Department has been constructing econometric models for various countries. In certain cases these models have incorporated employment sectors.

Note

12. The sample of papers that has been enclosed does not necessarily reflect the efforts in terms of time and resources of the respective divisions in the various subject matters. This is particularly true of the output from the Employment and Rural Development Division.

cc: Messrs. B. King, Leiserson, Ahluwalia

DEDER - Research  
on Inc. & Dis.

## OFFICE MEMORANDUM

TO: Mr. Michael Beenstock, EPRPP

DATE: September 19, 1977

FROM: Mark W. Leiserson, DEDER

SUBJECT: Summary Statement for RAPIDE on the Research Program of DEDER

Attached is the statement on the research activities of this Division which Professor Fishlow requested be provided to the Research Advisory Panel on Income Distribution and Employment. I have tried to cover, even if only briefly, all the points Professor Fishlow specifically mentioned in our last meeting, including (a) an analytic classification of the major areas of Division research; (b) an indication of current research priorities; and (c) reference to specific research projects, particularly those which illustrate some "articulation" with other parts of the Bank.

cc: Mr. Avramovic  
Mr. Stoutjesdijk  
Mr. Little  
Mr. Ahluwalia

Mr. Ben King  
Mr. Grimes

DEDER Staff

Attachment

EMPLOYMENT AND RURAL DEVELOPMENT DIVISION

RESEARCH PROGRAM ON EMPLOYMENT  
AND LABOR MARKETS, 1974-1977

The program of research on employment and labor markets has been an evolving one since the establishment and staffing of the Division in 1974. It reflects the multiple responsibilities of the Division not only for research but also for carrying out various sorts of policy work and for providing supporting assistance to the operating departments of the Bank. The continuing effort has been to exploit to the greatest extent feasible opportunities to make activities mutually reinforcing across the range of subject areas and in a variety of contexts.

Past Research Activities

At the time the Division was established, staff members transferred to the Division were already involved with three major research projects in the area of employment and labor markets. One consisted of a comparative analysis of country experiences with public works programs by the Harvard Development Advisory Service (Bank Staff Working Paper No. 224). The results of that analysis provided the basis for an internal issues paper on rural works which submitted to the Policy Review Committee of the Bank in March 1976. A second project was designed to examine the relationship between household structure and various economic variables on urban poverty in a rapidly expanding labor market of Belo Horizonte Brazil through an analysis of employment and earnings capacity of households at different income levels (Bank Staff Working Paper No. 237). Material from this and other studies

(cf. Bank Staff Working Paper No. 227) was heavily drawn upon in developing the Bank program of urban poverty lending. The third project was an investigation of the structure and operation of (primarily urban) labor markets in Malaysia which grew out of an initial study of the problem of the employment of educated labor in that country. A final draft manuscript is now being completed but the work has already yielded significant contributions to the analysis of the so-called "informal sector" (Bank Staff Working Papers Nos. 198 and 211) and to the country economic work program of the Malaysia division in the Bank.

#### Current Research and Research Priorities

The evolving program of the Division involves research activities in three interrelated areas: (1) micro-economic studies of labor market behavior of households and firms; (2) analysis of the structure and functioning of urban and rural labor markets in developing countries; and (3) studies of national and sectoral patterns in the level and structure of employment and wages in the process of development.

Included in the first category is research on the behavior of rural households with respect to the utilization of labor in response to the economic, technological and institutional changes associated with rural development (RPO 671-30). This research started in conjunction with a Development Research Center project on the analytics of rural change in the Muda River valley in Malaysia (RPO 671-13). In addition to a survey of evidence on wage and employment developments in rural areas of India (Division Paper No. 38) it involves an intensive econometric analysis of rural household

behavior in Nigeria (utilizing data generated in connection with Bank financed rural development projects) and in Korea (drawing on material from series of agricultural surveys).

A second initiative at the micro-level, concentrating more on the demand side, has been undertaken by the Division in the preparation of a research project on the economic characteristics, behavior, role of small-scale enterprises in developing countries. This research (being developed in collaboration with other staff members of the Development Economics Department) has been accorded a high priority because of the attention given to small enterprise in the Bank's urban poverty lending program. In part, it derives from the work done by the Division in the preparation of an issues paper on non-farm rural employment submitted to the Bank Policy Review Committee in March of this year.

Research on the structure and operation of labor markets has, in the first instance, reflected the new priorities accorded the alleviation of urban poverty in Bank lending. A major research project on urban labor markets in Latin America has been started (RPO 671-48) consisting of two studies in Peru and Colombia. A close relationship is maintained between this work and other research in the Department -- specifically the study of urban development in Bogota (RPO 671-47) and the case studies and surveys of small enterprises now being planned. Depending on the results of these two initial studies, research on urban labor markets may be extended to other countries in Latin America or elsewhere.

A major research effort on rural labor markets has yet to be formulated although some of the work on rural public works, rural household behavior and non-farm rural employment is directly relevant to this area. With the recruitment of new staff to fill existing vacancies, priority will be given to the development of research into the analysis of labor and other factor markets in rural areas. An important element in any future research on these issues will be the interactions between rural and urban sectors, various aspects of which were considered at a research workshop convened by the Division in February 1976 (RPO 671-31). Papers from that workshop have been revised and will shortly be submitted for publication.

To complement research on the structure and operation of specific types of labor markets at a fairly micro-level, a program of research is being prepared on the trends in the level and structure of employment and wages at a more aggregative level and with emphasis on comparative country experience. The first component of this research would seek to establish a better and more comprehensive empirical assessment of aggregative trends in employment, unemployment, real wages and labor incomes in developing countries. Some initial efforts of this sort have already been undertaken in connection with the Division's work on the urban poverty program and the preparation of the non-farm rural employment issues paper. This work would be extended and deepened on a more comprehensive and systematic basis. A second component would be a comparative investigation of the structure of wage relationships between major economic sectors and their changes over time. The principal focus would be on rural/urban and agricultural/non-agricultural



wage and employment movements, but the scope of the research would be extended, where data availability permits, to an exploration of wages and employment in major occupational, industrial and regional categories. While these first two objectives are primarily concerned with improving our empirical knowledge, the underlying motivation is analytical one of developing improved techniques for incorporating employment related concerns into the Bank's economic, sector and project work. A third component, therefore, would be designed to achieve a better analytic and empirical understanding of wage determination and labor allocation processes in developing countries which can be applied in the formulation of proto-type models of the labor market. Finally, a fourth component would be directed to the analysis of the variety wage and employment policies, legislative regulations and labor market institutions which exist or have been proposed in developing countries as means of achieving employment and income objectives.

#### Relation with Bank Policy and Operational Activities

As has been indicated above, close connections are maintained between the research activities of the Division and the policy and operational interests of other parts of the Bank. This is exemplified in the work done in connection with the issues papers on rural works and non-farm rural employment. But some of the most important interactions arise in connection with the Division's continuing responsibilities to the Program Departments of the Bank for support of their country economic reporting and analytical activities. An important objective of the Division's research is to provide better analytic and empirical foundations for the analysis of employment related issues in country economic reporting. In pursuance of this objective the Division has

recently undertaken responsibility for carrying out special employment studies in Thailand and Indonesia as part of the economic work programs on those countries. In addition, the Division has been engaged with the Policy Planning and Program Review Department in a so-called "functional review" of the treatment of employment in Bank economic reports. A draft of the first part of this review has been completed. It consists of a review and critique of the handling of employment issues in a substantial number of Bank reports over the last several years. A second part is planned with the object of taking some initial steps toward the formulation of a framework for the analysis of wage and employment issues in country economic analysis.